U.S. Department of Education Staff Report to the Senior Department Official on Recognition Compliance Issues

Recommendation Page

1. **Agency:** National Accrediting Commission of Career Arts and Sciences

   (1970 / 2021)

   (The dates provided are the date of initial listing as a recognized agency and the date of the agency's last grant of recognition.)

2. **Action Item:** Petition for Continued Recognition

3. **Current Scope of Recognition:**

   The accreditation of postsecondary schools and departments of cosmetology arts and sciences and massage therapy, including those offered via distance education.

   Geographic Area of Accrediting Activities: The United States.

4. **Requested Scope of Recognition:**

   The accreditation of postsecondary schools and departments of cosmetology arts and sciences and massage therapy, leading to a certificate, diploma, or Occupational Associate Degree, including those offered via distance education.

   Geographic Area of Accrediting Activities: Throughout the United States.

5. **Date of Advisory Committee Meeting:** 07/22/2026

6. **Staff Recommendation:**

   Continue the agency's recognition as a nationally recognized accrediting agency at this time and impose a limitation to the agency's recognition prohibiting it from accrediting any new institutions until the agency demonstrates, through sufficient documentation to be submitted to and evaluated by the Department, its compliance with all criteria listed below.

   Require the agency to come into compliance within 12 months with the criteria listed below as non-compliant, and submit a compliance report due 30 days thereafter that demonstrates the agency's compliance.

   The agency has also been found substantially compliant with criteria listed below, and Department staff recommend a monitoring report due within 12 months of the SDO decision for those criteria.

7. **Issues or Problems:**

   Remaining issues, if any, are summarized below and discussed in detail under the Staff Analysis section.

   [602.15(a)(5)] -- DNM --

   The agency does not meet the requirements of this criterion. The agency has not established that it is verifying that representatives of the public meet the Secretary's definition.

   [602.16(a)(1)(i)] -- DNM --

   The agency does not meet the requirements of this criterion. The agency has not sufficiently explained how it determined that its student achievement standards are sufficiently rigorous to ensure that the agency is a reliable authority regarding the quality of education provided by the institutions it accredits.

[602.20(e)] -- DNM --

The agency does not meet the requirements of this criterion. The agency's policies and procedures do not comply with the Department's Dear Colleague Letter GEN-23-14.

The agency's policies and procedures do not clarify that a final adverse action is a final decision until or unless the arbitration proceedings result in a different outcome.

[602.22(a)(2)(i-ii)] -- S/C --

The agency is substantially compliant with the requirements of this criterion. The agency did not provide supporting documentation demonstrating implementation of its revised policies and procedures related to the requirements of this criterion.

[602.23(d)] -- DNM --

The agency does not meet the requirements of this criterion. The agency is not ensuring institutions are disclosing their accreditation status accurately when under a probation or equivalent status, an initiated adverse action, or a final adverse action.

[602.23(e)] -- DNM --

The agency does not meet the requirements of this criterion. The agency has not demonstrated that its policies related to carrying out the requirements of this criterion are mandatory.

The agency has not demonstrated that it is providing for the public correction of incorrect or misleading information an institution releases about its accreditation status.

[602.24(f)] -- DNM --

The agency does not meet the requirements of this criterion. The agency did not demonstrate adoption and application of the Department’s definitions of “branch campus” and “additional location” as required by this criterion.

The agency did not demonstrate that it has adopted a policy stating that it will, upon the Secretary's request, conform its designations of an institution's branch campuses and additional locations with the Secretary's if it learns its designations diverge.

The agency did not demonstrate that it has adopted a policy making clear it will not accredit an institution comprising fewer than all of the programs, branch campuses, and locations of an institution as certified for title IV participation by the Secretary, except with notice to and permission from the Secretary.

[602.25(f)] -- DNM --

The agency does not meet the requirements of this criterion. The agency's policies, procedures, and practices do not ensure a timely review of an appeal.

[602.25(g)] -- DNM --

The agency does not meet the requirements of this criterion. The agency has not demonstrated that its policies and procedures clearly require it to notify an institution of the basis for the result of an appeal.

[602.25(h)] -- DNM --

The agency does not meet the requirements of this criterion. The agency has not demonstrated that its policies and procedures limit consideration of new financial information to occur when the only remaining deficiency cited by the agency in support of a final adverse action is for failure to meet an agency standard pertaining to finances.

The agency has not demonstrated that its policies and procedures permit an institution to seek review of new financial information only once as required by this criterion.

[602.26(a)] -- DNM --

The agency does not meet the requirements of this criterion. The agency has not demonstrated that its policies and procedures ensure that it provides written notice to the Secretary, the appropriate State licensing or authorizing agency, the appropriate accrediting agencies, and the public no later than 30 days after it makes a decision to award initial accreditation, or renew accreditation, for an institution.

[602.26(b)] -- DNM --

The agency does not meet the requirements of this criterion. The agency did not ensure that institutions that receive a final decision of a probation or equivalent status, or an initiated adverse action, have disclosed such an action to all current and prospective students within seven business days of receipt.

[602.26(c)] -- DNM --

The agency does not meet the requirements of this criterion. The agency has not provided supporting documentation demonstrating that it provides written notice to the Secretary, the appropriate State licensing or authorizing agency, and the appropriate accrediting agencies at the same time it notifies the institution or program of the decision, but no later than 30 days after it reaches a decision as required by this section.

[602.26(d)] -- DNM --

The agency does not meet the requirements of this criterion. The agency has not demonstrated that it has policies and procedures to ensure that it provides written notice to the public of the decisions listed in paragraphs (b) and (c) of Section 602.26 within one business day of its notice to the institution.

[602.26(e)] -- DNM --

The agency does not meet the requirements of this criterion. The agency has not demonstrated that it consistently requires institutions to disclose decisions of final adverse actions to current and prospective students within seven business days of receipt.

[602.26(f)] -- S/C --

The agency is substantially compliant with this criterion. The agency's policies do not clearly state that it will notify the Secretary, the appropriate State licensing or authorizing agency, the appropriate accrediting agencies, and, upon request, the public, within 10 business days of receiving notification from an institution that it is withdrawing voluntarily from accreditation.

[602.28 (b)] -- DNM --

The agency does not meet the requirements of this criterion. The agency has not demonstrated that its policies address regard for actions of withdrawal taken by other recognized agencies. The agency's policy is only triggered upon receiving notification from other recognized agencies of the actions described in this criterion whereas the criterion also requires application when the agency has reasonable cause to know of such events.

[602.28 (d)] -- DNM --

The agency does not meet the requirements of this criterion. The agency's policy does not ensure that it will conduct its own review when it learns that an institution it accredits or preaccredits has been placed on a probation or equivalent status or an adverse action by another recognized agency.

[602.20(a)] -- DNM --

The agency does not meet the requirements of this criterion. The agency has not demonstrated that its policies and procedures on the use of deferrals, granting good cause extensions, and calculating maximum timelines to return to compliance are compliant with this criterion.

The agency's practice of uncoupling of compliance issues is circumventing the Department’s expectations regarding enforcement timelines.

The agency's stacking of a positive accrediting action while an underlying negative action still persists in DAPIP is also circumventing the Department’s expectations regarding enforcement timelines.

[602.24(e)] -- S/C --

The agency is substantially compliant with this criterion. The agency did not provide supporting documentation demonstrating it has carried out its revised policies and procedures that implement the requirements of this criterion.

Executive Summary

PART I: GENERAL INFORMATION ABOUT THE AGENCY

The National Accrediting Commission of Career Arts and Sciences (NACCAS) is a national accrediting agency whose scope of recognition is for the accreditation of postsecondary schools and departments of cosmetology arts and sciences and massage therapy. The agency recently reported that it accredits around 1,300 post-secondary institutions offering programs in the cosmetology arts and sciences and/or massage therapy. Many of the institutions that are accredited by NACCAS use the agency's accreditation to establish eligibility to participate in the Department's title IV Federal Student Aid programs.

Recognition History

The Secretary first recognized this agency in 1970 for its accreditation of private cosmetology schools and the National Accrediting Commission of Career Arts and Sciences (NACCAS) has been granted periodic renewal of recognition since that time. The last full review of the agency was conducted in 2021 at which time both the Department staff and the National Advisory Committee on Institutional Quality and Integrity (NACIQI) recommended that the agency's recognition be renewed. The Senior Department Official (SDO) granted a renewal of recognition for five years. The agency's current petition for renewal of recognition is the subject of this analysis. Department staff conducted a file review in February 2024, observed an agency decision-making meeting in September 2024, and observed an agency site visit in September 2024.

PART II: SUMMARY OF FINDINGS

602.15 Basic Eligibility, Organizational and Administrative Requirements

Description of 602.15(a)(5)

> (5) Representatives of the public, which may include students, on all decision-making bodies; and

Analyst Remarks to Narrative:

NACCAS' bylaws and rules ensure that there is public representation on its board of commissioners and appeals panel. The agency's bylaws require two of its thirteen commissioners to be representative of the public interest (Exhibit 5, page 3). The agency provided a list of its board of commissioners, which demonstrates there are two commissioners representing the public interest (Exhibit 6). One of the commissioners serving as a public representative has career experience in arts and real estate, and the other public representative has career experience in education. The agency's rules require an appeals panel of seven to have one representative of the public interest on the panel. (Exhibit 2, page 143). The agency provided a list of its appeals panel members and the list demonstrates that one of the seven members is a public representative. The public representative is an education associate at the South Carolina Department of Education (Exhibit 7).

The agency's bylaws and rules require a representative of the public interest not to be affiliated (either currently or formerly) with any accrediting body or other regulatory entity governing or overseeing the operations of post-secondary educational institutions (Exhibit 5, page 5 and Exhibit 2, page 143). However, the bylaws and rules do not require its public representatives to adhere to all requirements outlined in the definition of public representative under 34 CFR 602.3(b). A representative of the

public, according to the Department's definition, is a person who is not—

(1) An employee, member of the governing board, owner, or shareholder of, or consultant to, an institution or program that either is accredited or preaccredited by the agency or has applied for accreditation or preaccreditation;

(2) A member of any trade association or membership organization related to, affiliated with, or associated with the agency; or

(3) A spouse, parent, child, or sibling of an individual identified in paragraph (1) or (2) of this definition.

The agency described its vetting process to ensure the board of commissioners and appeals panel both have public representation. In accordance with the agency's bylaws and rules, a subcommittee of commissioners review applicants and makes recommendations to the full board of commissioners, which makes the final selections (Exhibits 2 and 5). However, the agency did not provide information or documentation on how it ensures that its public members meet both the agency's definition, as well as the Department's definition, for that position. Since it didn't provide any, the agency does not appear to require any written attestation or other documentation that the public members meet the Department's and agency's definition – specifically related to the requirement that there is no family connection. Attestations provide a layer of assurance that individuals seeking or nominated to public representative roles meet the definition required by regulation. Written attestations also provide documentation of the agency's vetting process.

Department staff observed a commission meeting in which two public representatives were in attendance.

Analyst Remarks to Response:

In response to the draft staff analysis, the agency has amended its definition of a representative of the public to fully align with the Secretary's definition (Exhibit 123, p. 5). As discussed in the draft staff analysis, the agency relies on a committee to ensure that prospective public representatives meet the requirements to serve. However, the agency appears to have disregarded analysis regarding producing a form of written documentation (such as attestation forms) demonstrating that representatives of the public meet the Secretary's definition, particularly with regard to element (3) of the Department's definition.

602.16 Required Standards & Their Application

Description of 602.16(a)(1)(i)

(a) The agency must demonstrate that it has standards for accreditation, and preaccreditation, if offered, that are sufficiently rigorous to ensure that the agency is a reliable authority regarding the quality of the education or training provided by the institutions or programs it accredits. The agency meets this requirement if the following conditions are met:

(1) The agency's accreditation standards must set forth clear expectations for the institutions or programs it accredits in the following areas:

(i) Success with respect to student achievement in relation to the institution's mission, which may include different standards for different institutions or programs, as established by the institution, including, as appropriate, consideration of State licensing examinations, course completion, and job placement rates.

Analyst Remarks to Narrative:

The agency's standard on student achievement sets forth clear expectations for institutions under Standard I, Criterion 5, Educational Objectives and Institutional Evaluation. Standard I requires institutions to maintain a graduation rate of at least 50%, a licensure rate of at least 70% and a placement rate of at least 60%. (Exhibit 2, page 12). The agency provided a self-study, site visit report and decision letter for two institutions. One of the institutions (Hastings Beauty School, Exhibit 42, page 722-723) was cited a limitation regarding Standard I, Criterion 5, in the site visit report for providing noncompliant placement documentation for 50% of the required sample. The agency noted that the Department staff selected institution, American Beauty College, was not cited for noncompliance with Standard I, Criterion 5, as indicated in the site visit report in Exhibit 43.

To further assess if the agency thoroughly evaluates the quality of the institutions it accredits based on established standards, Department staff reviewed additional full-cycle accreditation evaluations when conducting a file review from January-February 2024; observed the agency's on-site evaluation of Aspen Beauty Academy on September 24, 2024; and observed a commission meeting on September 18, 2024.

However, although the agency has set benchmarks for student achievement, it did not provide information on how it determined that its student achievement requirements are sufficiently rigorous to ensure that the agency is a reliable authority regarding the education provided by the programs and institutions it accredits. The agency states it periodically reviews (and recently reviewed) its standard for student achievement and provided sample documentation from a review committee meeting involving review of standards (Exhibit 37). However, the documentation does not provide any insight into

how the committee was assessing the sufficiency of rigor with respect to its student achievement requirements. The agency narrative does not provide any information or documentation of how it initially established its benchmarks, the development process, or the specific data and input it reviewed.

Analyst Remarks to Response:

In response to the draft staff analysis, the agency provided additional information and documentation to describe how it set its student achievement benchmark rates of 50% for graduation, 60% for placement, and 70% for licensure (Exhibit 125). The narrative and documentation states that the rates were reviewed in 2017 at which time the agency's standards advisory committee recommended they be maintained at that level. The agency did not explain how it originally established these benchmarks.

The documentation includes a comparison of other recognized agencies' benchmarks (Exhibit 125). Notably, the documentation indicates that NACCAS has selected a graduation rate that is lower than that required by all of those it compared itself to yet the agency has not explained why. The agency likewise selected a placement rate lower than all the others in the comparison (except for a comparable rate set by an agency that later lost recognition). The licensure rate set by the agency at least matched that of the other recognized agencies.

Department staff have included an exhibit from the Department's webpage on lower earnings data (Exhibit 162). The document is pulled from a publicly available spreadsheet published by the Office of Federal Student Aid that identifies institutions whose undergraduate completers have “lower earnings” four years after graduation than the median earnings of recent high school graduates in the same State. If the institution has locations in multiple States or a majority of its first-year undergraduate students are from other States, the earnings of its graduates are instead compared to the national median. The agency currently accredits approximately 1,074 institutions. There are nearly 725 institutions on the spreadsheet marked as lower earnings that are or were accredited by the agency (it is possible that some institutions on the list have switched agencies or are no longer accredited due to the timing of the data pull).

Taking the spreadsheet data into consideration with the foregoing analysis and concerns, Department staff believe the agency has not sufficiently explained how it determined that its student achievement standards are sufficiently rigorous to ensure that the agency is a reliable authority regarding the quality of education provided by the institutions it accredits nor demonstrated that it effectively assesses its accredited institutions with respect to student achievement.

602.20 Required Standards & Their Application

Description of 602.20(a)

(a) If the agency's review of an institution or program under any standard indicates that the institution or program is not in compliance with that standard, the agency must—

(1) Follow its written policy for notifying the institution or program of the finding of noncompliance;

(2) Provide the institution or program with a written timeline for coming into compliance that is reasonable, as determined by the agency's decision-making body, based on the nature of the finding, the stated mission, and educational objectives of the institution or program. The timeline may include intermediate checkpoints on the way to full compliance and must not exceed the lesser of four years or 150 percent of the—

(i) Length of the program in the case of a programmatic accrediting agency; or

(ii) Length of the longest program at the institution in the case of an institutional accrediting agency;

(3) Follow its written policies and procedures for granting a good cause extension that may exceed the standard timeframe described in paragraph (a)(2) of this section when such an extension is determined by the agency to be warranted; and

(4) Have a written policy to evaluate and approve or disapprove monitoring or compliance reports it requires, provide ongoing monitoring, if warranted, and evaluate an institution's or program's progress in resolving the finding of noncompliance.

Analyst Remarks to Narrative:

The agency rules adequately address enforcement timelines (Exhibit 2, pages 131-132). The rules stipulate notification of commission actions must be in writing, including findings of noncompliance. The rules also stipulate the maximum period of time (12, 18, or 24 months) an institution has to remedy a compliance issue based on the length of the longest program offered at the institution. The agency provided an example of a commission action letter that imposed a deadline for an institution to come into compliance, and the letter referenced the relevant rules regarding enforcement timelines (Exhibit 75). The agency discussed its policies related to granting an extension for good cause but it did not provide sample supporting documentation demonstrating application of those policies and procedures.

The agency's handbook defines a show cause order as an order directing an institution to show why its accreditation should not be withdrawn (or, if the institution is a candidate or applicant for accreditation, why such status should not be terminated) for

failure to comply with the agency's accreditation requirements. The agency may issue a show cause order prior to taking adverse action, such as denial of initial accreditation or withdrawal of accredited status (Exhibit 2, pages 116-120). An institution is provided forty-five (45) days to respond to a show cause order.

The agency has adequate monitoring procedures for institutions on financial monitoring, student outcomes monitoring, and accreditation standards monitoring. The agency provided a commission action letter that placed an institution on financial monitoring (Exhibit 48), which demonstrated the agency required a financial plan within 30 days and financial compliance reports every 3 months. The agency provided a commission action letter regarding monitoring of an institution that did not comply with a standard and the letter established a 6-month compliance deadline (Exhibit 75). The agency also provided a list of institutions that had been placed on monitoring and had a show cause order since January 1, 2019, for not adhering to student outcomes requirements (Exhibit 76).

Department staff observed a commission meeting in which decisions were made relative to the show cause process.

During the file review, the agency provided sample documentation of adverse actions taken during the recognition period.

The agency's accreditation handbook indicates the agency has deferrals policies (Exhibit 2, p. 124). The policy states: “(a) The Commission may defer any action on an application for accreditation, renewal of accreditation or changes if the school does not presently meet the Standards and Criteria for accreditation or is not in compliance with a formal accreditation requirement adopted by NACCAS, if it is shown that: (1) The school can make significant progress toward accreditation within a short period of time; and/or (2) There is insufficient information about the school; or (3) The necessary elements of judgment for the Commission to render a decision are lacking. The Commission may defer any action within time frames allowable under Section 8.18 of these Rules then shall render a decision based on the information before it.”

It appears the agency's policies would allow it to defer even if it has found the institution to be out of compliance with a standard. This criterion states that if the agency's review of an institution indicates that the institution is not in compliance with a standard, the agency “must” follow its written policy for notifying the institution of the finding of noncompliance. The agency did not discuss these policies and procedures and describe what impact, if any, they have on an institution's timeline to return to compliance and the agency's compliance with the requirements of this criterion. The agency must provide information on how often these are issued, under what circumstances, for what lengths of time, and provide supporting documentation.

Analyst Remarks to Response:

The agency provided further requested information regarding its use of deferrals. The agency identified three instances in which it could grant a deferral. The first is for institutions seeking initial accreditation and the agency provided sample supporting documentation (Exhibit 126). In this sample, the institution was granted a short deferral to correct and submit further information to the agency which lasted only a few months before the institution was further reviewed and accreditation was granted. This use of a deferral does not raise concerns with Department staff.

The second instance of use of deferrals discussed by the agency is the use of most interest to Department staff. In this instance, the agency narrative states that “if an already-accredited institution has applied for renewal of accreditation and, upon its review, the Commission determines that it cannot make a decision as to compliance for one or more reasons, it will defer action and direct the school to submit any outstanding documentation necessary to complete its review.” The agency provided sample documentation of carrying out this policy (Exhibit 127). In this sample, the agency deferred action on a renewal of accreditation and provided the institution with 45 days to provide specific documentation that was missing. This use of a deferral does not raise concerns with Department staff.

However, the agency did not provide other information that was requested by Department staff in the draft staff analysis including: how often deferrals are issued, for what lengths of time, and how its deferrals policy allows it to meet the requirements of this criterion. Without further information and examples, Department staff cannot confirm the agency's compliance with this criterion.

The agency's third type of deferrals with respect to institutions' requests for substantive changes is not currently a concern for Department staff.

The agency provided requested supporting documentation further demonstrating application of its policies for granting an extension for good cause (Exhibit 141). In this sample, an institution was granted an extension after failing to meet some of the agency's requirements related to finances. The actions reported by the agency for this institution in the Department's Database of Postsecondary Institutions and Programs (DAPIP) as of 1/2/2026 are included as a staff exhibit (Exhibit 164). However, the institution was again on probation at that time for failing financial requirements. In reviewing numerous other instances in the DAPIP of institutions being placed on various corrective actions for failing to meet the agency's requirements, the pattern seen for this institution is not unique. It appears that the agency is not considering the cumulative effect of negative actions for the same institutions for the same recurring issues.

Department staff have included a report of all negative actions reported by the agency in the DAPIP from July 1, 2021, to May 29, 2026 (Exhibit 166). Please note that a history of repeating negative actions at the same institutions could reach back further in time but Department staff are only considering the current recognition period. Although Department staff expect due process to be afforded to institutions, the level of repeat offenses for the same institutions is troubling and the agency's DAPIP entries are dizzying.

The agency is uncoupling its negative observations and actions from newly observed negative findings. Department staff provided a list of agency-reported actions into the DAPIP for a sample institution (Exhibit 170) as well as the accompanying decision letters back to February 2022 (Exhibit 171) to better illustrate the resulting issues. In this sample, the institution was placed on Probation - Monitoring by a letter dated February 17, 2022, following a site visit during which compliance issues were identified. That same date, the agency sent a second letter to the institution initiating an adverse action against the institution for failing to comply with a standard related to finances by a deadline set in a prior action. Department staff note this action was improperly reported in the DAPIP as a probation instead of an initiated adverse action (discussed further in Section 602.26(b)).

On July 15, 2022, the agency removed the institution from the Probation - Monitoring action after having accepted responses from the institution to address the compliance issues that followed its site visit. On November 30, 2022, the agency implemented a decision reached by an appeals panel on the withdrawal of accreditation (panel convened on October 4th) which overturned the agency's withdrawal but somehow kept the institution on a probation. On December 15, 2022, the agency removed the institution from a form of financial monitoring but again continued the institution on probation. Department staff note that the agency's uncoupling of the compliance issues observed at the site visit from the simultaneously occurring but separately tracked financial compliance issues and actions resulted in the agency being able to consider new financial statements for the appeal. Additionally, the gap of time from the issuance of the withdrawal and the convening of the appeals panel also contributed to this pattern (nearly 7 months and this issue is further discussed in Section 602.25(f)).

The institution went on continued probation for a period of time, was removed from probation, was due for renewal by January 2025 (which appears to have not occurred or have not been reported and was likely deferred, again), to a subsequent probation for financial issues, removed from that, and then placed back on probation yet again for financial issues in 2026. Department staff also note that the agency has not required the institution to update its website nor its catalog to reflect the 2026 probation action (discussed further in several other applicable areas of the analysis) (Exhibits 172 and 173).

Department staff believe that part of the uncoupling issues results partially from an agency practice not fully understood until after the draft staff analysis was issued. The agency's site visit teams do not actually review institutions' finances. Instead, the agency utilizes its own internal administrative staff to perform this function. To be fair, the agency has a Certified Public Accountant on its staff review institutions' finances. However, this separation prevents site visit teams from providing observation and findings on a crucial area at a time where the institution's compliance with all standards is due for review. It also has the impact of allowing compliance issues to run in tandem yet separate to the point of allowing institutions to take unfair advantage of the provisions of Section 602.25(h) with respect to consideration of new financial information (discussed further in that section). This practice does not meet the Department’s requirements for this section nor the Department’s expectations for Section 602.17(c).

Department staff note a further issue resulting from the manner in which the agency is stacking actions in the DAPIP which can give a false impression that an institution has returned to compliance when in fact an underlying negative action still persists. For example, the agency often reports a probation and then later renews the institution for accreditation even though the underlying probation is not cured by the renewal. The continued probation would be unknown when accessing the institution's information on the DAPIP without opening and carefully reading the attached decision letter. Department staff are aware that the U.S. Department of Veterans Affairs (VA) relies on DAPIP data when determining whether or not to “flag” an institution within its GI Bill® Comparison Tool. The manner in which the agency is stacking overlapping positive decisions and underlying negative actions is in all likelihood complicating the ability of the GI Bill® Comparison Tool to accurately reflect accreditation issues for institutions eligible for VA education benefits.

The agency also provided supporting documentation of carrying out an appeal (Exhibit 142). According to that institution's academic catalog (downloaded on 1/2/2026), it offers a cosmetology program which may consist of a minimum of 1000 hours or a maximum of 1500 hours and which may be pursued part time or full time. The institution's catalog indicates the program takes 30 weeks to complete if pursued full time for the minimum 1000 hours or 45 weeks if the additional 500 hours are pursued. The institution was issued an adverse action and was given 18 months to return to compliance. In terms of months, 150% of the maximum 45 weeks equates to roughly 15.5 months, which is less than the timeline provided. Based on this example, it is not clear to Department staff how the agency is calculating its timelines to return to compliance.

Description of 602.20(e)

(e) All adverse actions taken under this subpart are subject to the arbitration requirements in

20 U.S.C. 1099b(e).

Note: 20 U.S.C. 1099b(e) Initial Arbitration Rule. – The Secretary may not recognize the accreditation of any institution of higher education unless the institution of higher education agrees to submit any dispute involving the final denial, withdrawal, or termination of accreditation to initial arbitration prior to any other legal action.

Analyst Remarks to Narrative:

The agency stated in the narrative that it has drafted revised rules to comply with requirements on arbitration outlined in the Department's November 3, 2023, guidance Dear Colleague Letter (GEN-23-14). The agency does not comply with requirements of this section since it did not provide any policy related to arbitration. NACCAS must submit an arbitration policy that meets the requirements of this section since it did not provide any policy related to arbitration and any documentation of implementation of the policy in response to the draft staff analysis.

Analyst Remarks to Response:

The agency provided its recently adopted policies and procedures to address the requirements of 20 U.S.C. § 1099b(e) and the Department's Dear Colleague Letter GEN-23-14 (DCL) that was identified in the draft staff analysis (Exhibits 118, 123, and 129-130). However, the agency's policies specifically state that arbitration is final and binding which is in direct contravention of the DCL and the statute.

Additionally, the agency's policies state that an adverse action decision that has been unsuccessfully appealed will not be final, if an institution seeks arbitration, until the arbitration proceedings are concluded. This is incorrect. The adverse decision, per the Department’s definition of an adverse action at 34 CFR 602.3(b), is final until or unless the arbitration proceedings result in a different outcome.

602.22 Required Operating Policies & Procedures

Description of 602.22(a)(2)(i-ii)

(2)

(i) For substantive changes under only paragraph (a)(1)(ii)(C), (E), (F), (H), or (J) of this section, the agency's decision-making body may designate agency senior staff to approve or disapprove the request in a timely, fair, and equitable manner; and

(ii) In the case of a request under paragraph (a)(1)(ii)(J) of this section, the agency must make a final decision within 90 days of receipt of a materially complete request, unless the agency or its staff determine significant circumstances related to the substantive change require a review by the agency's decision-making body to occur within 180 days.

Analyst Remarks to Narrative:

The agency indicated in the narrative that senior staff can review and approve, beginning in June 2021, requests for substantive changes under 602.22(a)(1)(ii)(C) and (E) due to the increase in program applications during the COVID-19 pandemic. However, the agency did not provide a policy to support the senior staff designation nor documentation of implementation.

The agency's rules stipulate it does not permit accredited institutions to contract with an institution or organization not certified to participate in Title IV, HEA programs for more than 10% of a course or program, which is more stringent than requirements under Section 602.22(a)(1)(ii)(J). However, the agency's policy does not state that it must make a final decision within 90 days of receipt of a materially complete request, unless the agency determines significant circumstances related to the substantive change require a review by the agency's decision-making body to occur within 180 days.

Analyst Remarks to Response:

In response to the draft staff analysis, the agency provided its finalized policy to authorize a member of its senior administrative staff to approve substantive changes relative to 602.22(a)(1)(ii)(C) and (E) (Exhibit 130, p. 95). However, the agency did not provide supporting documentation demonstrating implementation of these policies nor state if an opportunity to apply them did not occur during the current recognition period. The agency is substantially compliant with the requirements of this criterion.

The agency believes that its policy prohibiting institutions from contracting with an institution or organization, not certified to participate in title IV, HEA programs, for more than 10% of a course or program places the practice outside the scope of the Secretary's definition of substantive changes and therefore outside the scope of this criterion. Department staff agree.

602.23 Required Operating Policies & Procedures

Description of 602.23(d)

(d) If an institution or program elects to make a public disclosure of its accreditation or preaccreditation status, the agency must ensure that the institution or program discloses that status accurately, including the specific academic or instructional programs covered by that status and the name and contact information for the agency.

Analyst Remarks to Narrative:

The agency has a policy that requires its institutions to present in catalogs the name, address and telephone number of the agency(ies) which accredit the institution (Exhibit 2, pages 16 and 37). However, it is unclear if the agency has a policy that requires it to ensure an institution's public disclosure of accreditation status is accurate. The agency also did not provide documentation demonstrating how it ensures an institutions' accreditation status is accurately disclosed.

Analyst Remarks to Response:

The agency discussed its existing policies and procedures used to ensure that institutions disclose their accreditation status accurately. The agency identified the relevant sections of its supporting documentation of a full cycle of review that demonstrates it verified an institution's adherence to the agency's policies on advertising (Exhibit 43, p. 756). However, as discussed in Section 602.23(e), the agency is not ensuring institutions are disclosing their accreditation status accurately when under a probation or equivalent status, an initiated adverse action, or a final adverse action (also discussed further in Sections 602.26(b), (c), and (e)).

Description of 602.23(e)

(e) The accrediting agency must provide for the public correction of incorrect or misleading information an accredited or preaccredited institution or program releases about--

(1) The accreditation or preaccreditation status of the institution or program;

(2) The contents of reports of on-site reviews; and

(3) The agency's accrediting or preaccrediting actions with respect to the institution or program.

Analyst Remarks to Narrative:

The agency's rules and policy ensure that accreditation information is represented accurately to the public. The agency's advertising policy requires an institution to

accurately advertise its status of accreditation in its published catalog, as well as in all other publications in which the institution's accreditation is referenced (i.e. website; social media; print, radio or television advertising). However, the agency's policy does not address 602.23(e)(2) and 602.23(e)(3), specific to misleading information regarding the contents of reports of on-site reviews and the agency's accrediting actions with respect to the institution. The agency did not provide documentation to demonstrate it has corrected the misleading accreditation information that an institution released or indicate there were no instances of an institution releasing misleading accreditation information.

Analyst Remarks to Response:

In response to the draft staff analysis, the agency has amended its policies with respect to providing for the public correction of incorrect or misleading information released by one of its accredited institutions regarding: the accreditation status of the institution, contents of reports of on-site reviews; and, the agency's accrediting actions with respect to the institution (Exhibit 130, p. 82)

The policy states that if “a school releases information to any third party that misrepresents its accreditation status, the contents of an on-site evaluation visit report, or any action by the Commission regarding the school, the Commission shall, *at its discretion*, disclose information about the school in any manner it deems necessary to correct such misrepresentation” (p. 82). The application of this criterion is not discretionary.

Department staff received a Lexis-Nexis alert generated in October 2025, referencing an article containing allegations that the agency was not adequately ensuring its institutions were providing comprehensive, accurate, and up to date information on their accreditation statuses after receiving a probation or equivalent action or an adverse action from the agency. Department staff reviewed the record of accreditation actions reported by the agency in the Department's Database of Accredited Postsecondary Institutions and Programs (DAPIP) for one of the institutions discussed in the alert (Pearlands Innovative School of Beauty) that allegedly did not accurately disclose its accreditation status after having been subjected to an adverse action.

In November 2025, Department staff discovered that the agency had not updated the status of the institution in DAPIP for nearly a year despite having reported a withdrawal of accreditation on October 9, 2024 (with a right to appeal). Department staff reviewed the institution's status on the agency's own directory of institutions on its website which showed that the institution's accreditation had actually been renewed in September 2025. Department staff contacted the agency to inquire as to the discrepancies between the information the agency reported in DAPIP compared to the

information it reported on its own website. The agency then updated DAPIP with the missing accrediting actions (an appeal, a removal from probation, and a renewal of accreditation).

As further discussed in Sections 602.26(b), (c), and (e), Department staff observed numerous negative accrediting actions reported by the agency in DAPIP and then in turn observed the websites of those institutions to determine if they were updating their accreditation statuses to indicate being on a probation or equivalent action or under an adverse action; as opposed to simply advertising that they were accredited. Department staff observed numerous instances of these institutions not updating their accreditation statuses accordingly. Department staff believe these releases were therefore incorrect and misleading.

The agency states it has not publicly disclosed information within the current recognition period to correct any such misrepresentations. However, given the further discussions in Sections 602.26(b), (c), and (e), it should have done so.

602.24 Required Operating Policies & Procedures

Description of 602.24(e)

(e) Transfer of credit policies. The accrediting agency must confirm, as part of its review for initial accreditation or preaccreditation, or renewal of accreditation, that the institution has transfer of credit policies that—

(1) Are publicly disclosed in accordance with § 668.43(a)(11); and

(2) Include a statement of the criteria established by the institution regarding the transfer of credit earned at another institution of higher education.

(Note: This criterion requires an accrediting agency to confirm that an institution's policies are in conformance with §668.43(a)(11), which reads:

"A description of the transfer of credit policies established by the institution, which must include a statement of the institution's current transfer of credit policies that includes, at a minimum –

(i) Any established criteria the institution uses regarding the transfer of credit earned at another institution and any types of institutions or sources from which the institution will not accept credits;

(ii) A list of institutions with which the institution has established an articulation agreement; and

(iii) Written criteria used to evaluate and award credit for prior learning experience including, but not limited to, service in the armed forces, paid or unpaid employment, or other demonstrated competency or learning")

Analyst Remarks to Narrative:

The agency's rules ensure an institution has criteria for transferring of credit earned at another institution of higher education. The rules stipulate an institution must have a policy that clearly defines how training or education received at another institution is applied to the receiving institution's course or program requirements (Exhibit 2, page 17). However, the agency does not appear to have a policy that requires an institution to publicly disclose its transfer of credit policies in accordance with § 668.43(a)(11).

The agency provided an example of a site visit report that demonstrated an institution's transfer policy was reviewed and found to be compliant (Exhibit 43, page 256).

Analyst Remarks to Response:

In response to the draft staff analysis, the agency has amended its policies to now clearly require institutions to have a "policy publicly disclosed in accordance with 34 CFR § 668.43(a)(11) (or successor regulation), that clearly defines how training or education received at another institution is applied to the receiving institution's course or program requirements (including the possibility that no such transfer credit is granted)" (Exhibit 134, p. 12). However, the agency did not provide supporting documentation demonstrating application of these revisions. The agency's regular review of any accredited institution should include the review of information related to the agency's new requirements. Therefore, the agency must provide evidence of the implementation of its revisions to demonstrate compliance with this section.

Description of 602.24(f)

(f)

(1) Adopt and apply the definitions of "branch campus" and "additional location" in 34 CFR 600.2;

(2) On the Secretary's request, conform its designations of an institution's branch campuses and additional locations with the Secretary's if it learns its designations diverge; and

(3) Ensure that it does not accredit or preaccredit an institution comprising fewer than all of the programs, branch campuses, and locations of an institution as certified for title

IV participation by the Secretary, except with notice to and permission from the Secretary.

Analyst Remarks to Narrative:

The agency's definitions for branch campus and additional location do not reflect the Department’s definitions at 34 CFR 600.2. Further details regarding required definitions are discussed in section 602.22(a)(1)(ii)(I).

The agency does not appear to have an established policies that require it to comply with 602.24(f)(2-3). The policies must explicitly state that on the Secretary's request, it will conform its designations of an institution's branch campuses and additional locations with the Secretary's if it learns its designations diverge, as well as state that it ensures that it does not accredit an institution comprising fewer than all of the programs, branch campuses, and locations of an institution as certified for title IV participation by the Secretary, except with notice to and permission from the Secretary.

Analyst Remarks to Response:

In response to the draft staff analysis, the agency has provided further information on its policies related to the requirements of this criterion. The agency's definition of an additional location states it is: “an additional training location of an accredited Main Campus, approved within the accredited status of the Main Campus that provides the same administrative services as the Main Campus. An Additional Location consists of (1) a Primary AL Facility and (2) its associated Secondary Facilities (if any). When a Primary AL Facility has no associated Secondary Facilities, Additional Location refers to the Primary AL Facility” (Exhibit 130, p. 84). The agency did not adopt the Department's definition of an additional location.

The agency's definition of a branch campus states it is: "An Additional Location of an institution that is geographically apart and independent of the main campus of the institution. The Commission considers a location of an institution to be independent of the main campus if the location:
- Is permanent in nature;
- Offers courses in educational programs leading to a degree, certificate, or other recognized educational credential;
- Has its own faculty and administrative or supervisory organization; and
- Has its own budgetary and hiring authority" (Exhibit 130, p. 86).

The agency's definition of a branch campus incorporates the term “additional location” (which itself does not meet the Department's requirements). The agency's definition

also does not specify that the campus must be approved by the Secretary as a branch campus.

The agency has not adopted and applied the definitions of “branch campus” and “additional location” as required by this criterion.

The agency also has not adopted a policy stating that it will, upon the Secretary's request, conform its designations of an institution's branch campuses and additional locations with the Secretary's if it learns its designations diverge.

The agency has not adopted a written policy making clear it will not accredit an institution comprising fewer than all of the programs, branch campuses, and locations of an institution as certified for title IV participation by the Secretary, except with notice to and permission from the Secretary.

602.25 Required Operating Policies & Procedures

Description of 602.25(f)

(f) Provides an opportunity, upon written request of an institution or program, for the institution or program to appeal any adverse action prior to the action becoming final.

(1) The appeal must take place at a hearing before an appeals panel that--

(i) May not include current members of the agency's decision-making body that took the initial adverse action;

(ii) Is subject to a conflict of interest policy;

(iii) Does not serve only an advisory or procedural role, and has and uses the authority to make the following decisions: To affirm, amend, or remand adverse actions of the original decision-making body; and

(iv) Affirms, amends, or remands the adverse action. A decision to affirm or amend the adverse action is implemented by the appeals panel or by the original decision-making body, at the agency's option; however, in the event of a decision by the appeals panel to remand the adverse action to the original decision-making body for further consideration, the appeals panel must explain the basis for a decision that differs from that of the original decision-making body and the original decision-making body in a remand must act in a manner consistent with the appeals panel's decisions or instructions.

(2) The agency must recognize the right of the institution or program to employ counsel to represent the institution or program during its appeal, including to make any

presentation that the agency permits the institution or program to make on its own during the appeal.

Analyst Remarks to Narrative:

The agency's rules address the appeals process and procedures (Exhibit 2, page 135-145, 154). The rules require all appeals to be heard by an appeal review panel and specifies the authority and recommendations of the appeals panel to include affirm, amend and remand the appealable action. The agency's rules require it to abide by the requirements of this section in terms of providing the commission with a written statement of the result of the appeal and of the basis for that result, stipulating that the commission must act in a manner consistent with the panel's decision and instructions when undertaking its reconsideration of a decision remanded by the appeal review panel, prohibiting a sitting commissioner to serve on an appeal review panel as well as any former commissioner until at least one year after his or her term as ended and affording an appellants the right to counsel at appeal hearings. All appeals panelists must adhere to the agency's code of ethics (Exhibit 8), which outlines conflict of interest parameters.

To demonstrate the application of its policies, the agency provided a list of appeals panel members for 2024 and their qualifications (Exhibit 7).

However, the agency did not provide documentation to demonstrate the application of its appeal process, or indicate that it has not had the opportunity to do so.

Analyst Remarks to Response:

In response to the draft staff analysis, the agency provided the requested supporting documentation of conducting an appeal (Exhibit 142). The documentation indicates the institution was subject to an adverse action in October 2022 due to not meeting the agency's requirements related to financial resources (p. 16). The institution appealed the decision in late October and the documentation indicates the agency received the notice of appeal in early November (p. 20). However, the appeal was not actually held until May of 2023 (p. 34). Department staff included an exhibit of the actions reported by the agency in DAPIP for this institution (Exhibit 168).

The agency's sample documentation demonstrates that the appeal was not conducted until nearly eight months had passed from the time the agency held its decision-making meeting that initiated the adverse action. In correspondence with the agency, Department staff have learned that such a delay could be up to nine months. This does not meet the Department's expectations for a timely review of an appeal.

Description of 602.25(g)

(g) The agency notifies the institution or program in writing of the result of its appeal and the basis for that result.

Analyst Remarks to Narrative:

The agency has rules regarding an appeals panel outcome (Exhibit 2, pages 131-132 and 141-142). The rules stipulate that final decisions and the basis for the results of an appeals panel must be provided to the commission in writing and the commission must notify the institution of the accreditation actions implying the commission notifies institutions of an appeals panel's decision and the basis for that decision. However, the agency's rules do not explicitly indicate that the decision and basis for the results are provided to an institution in writing.

Analyst Remarks to Response:

In response to the draft staff analysis, the agency has modified its policies but has not included language ensuring the agency will provide an institution with the basis for the result of its appeal. The policy instead states that the panel will provide the agency's *Commission* with the basis for the result instead of stating that the basis for the result will be provided to the *institution* as required by this criterion. The policy states that in "all cases, the Appeal Review Panel shall provide the Commission with a written statement of the result of the appeal and of the basis for that result…" (Exhibit 130, p. 71).

In an effort to seek greater clarity, Department staff reviewed the sample appeal documentation provided by the agency in Section 602.25(f) which does include a written notification to an institution of the result of its appeal but does not include a clear basis for the result. Instead, it states that the appeals panel "voted to remand the appeal to the Commission for final decision, consistent with the instructions of the Panel, the Commission's accreditation Standards and the Rules" (Exhibit 142, p. 34).

Description of 602.25(h)

(h)

(1) The agency must provide for a process, in accordance with written procedures, through which an institution or program may, before the agency reaches a final adverse action decision, seek review of new financial information if all of the following conditions are met:

(i) The financial information was unavailable to the institution or program until after the decision subject to appeal was made.

(ii) The financial information is significant and bears materially on the financial deficiencies identified by the agency. The criteria of significance and materiality are determined by the agency.

(iii) The only remaining deficiency cited by the agency in support of a final adverse action decision is the institution's or program's failure to meet an agency standard pertaining to finances.

(2) An institution or program may seek the review of new financial information described in paragraph (h)(1) of this section only once and any determination by the agency made with respect to that review does not provide a basis for an appeal.

Analyst Remarks to Narrative:

The agency has rules regarding and the review of new financial information (Exhibit 2, page 138), which allows an institution to seek review of new financial information under 602.25(h)(1)(i-ii); however, it is unclear if the agency requires the condition under 602.25(h)(1)(iii) to be met. The agency's policy also does not appear to stipulate a review can only occur once. In addition, the agency did not provide documentation of a review of new financial information (upon the institution's request) before the agency reached a final decision, if such a request occurred during the recognition period.

Analyst Remarks to Response:

In response to the draft staff analysis, the agency has amended its policies in an attempt to address the Department staff concerns. However, the agency has not amended its policies and procedures in a manner that meets the requirements of this criterion. The policy identified by the agency states that if, “one such reason for the appealable action is a finding that the institution has failed to comply with NACCAS' financial viability requirements and the institution has provided new financial information in accordance with Section 9.5 of these Rules, the Appeal Review Panel may only review the new financial information if it has already determined that the institution has successfully demonstrated grounds for appeal with respect to all other reasons for the appealable action” (Exhibit 130, p. 71).

One element of this criterion states that an institution may avail itself of the additional considerations available under this regulation when the only remaining deficiency cited by the agency in support of a final adverse action is the institution's failure to

meet an agency standard pertaining to finances. The agency's policy would instead allow consideration of new financial information even if the adverse action was based upon any number of other types of deficiencies.

Department staff note that the agency's policy requires an appeals panel to have first found the non-financial compliance issues to be resolved on appeal before it could then consider new financial information. However, the point in time to determine if any deficiencies exist, other than those related to failure to meet an agency standard pertaining to finances, is when the adverse action is initiated. If at that time there are deficiencies in other areas, consideration of subsequent new financial information is not available under this criterion.

Additionally, the agency did not adopt a policy to specify that an institution may seek review of new financial information only once.

602.26 Required Operating Policies & Procedures

Description of 602.26(a)

The agency must demonstrate that it has established and follows written procedures requiring it to provide written notice of its accrediting decisions to the Secretary, the appropriate State licensing or authorizing agency, the appropriate accrediting agencies, and the public. The agency meets this requirement if the agency, following its written procedures--

(a) Provides written notice of the following types of decisions to the Secretary, the appropriate State licensing or authorizing agency, the appropriate accrediting agencies, and the public no later than 30 days after it makes the decision:

(1) A decision to award initial accreditation or preaccreditation to an institution or program.

(2) A decision to renew an institution's or program's accreditation or preaccreditation;

Analyst Remarks to Narrative:

The agency has sufficient rules that require it to provide written notice of its positive accrediting decisions to the Secretary, the appropriate State licensing or authorizing agency, the appropriate accrediting agencies, and the public no later than 30 days after the commission makes a decision to award initial or renew accreditation (Exhibit 2, pages 149-150). To demonstrate the application of its rules, the agency provided a list of dates of same-day and 30-day public notifications (Exhibit 89). However, the agency has not provided a dated decision letter (commission's approval of an initial and renewed accreditation) and corresponding 30-day notifications to appropriate State

authorizers, accreditors, and a screenshot of a post to DAPIP to demonstrate timely notification to the Secretary.

Analyst Remarks to Response:

In response to the draft staff analysis, the agency provided the requested sample supporting documentation. The agency states it timely made notification of its initial accreditation of the Champions School of Barbering stemming from a decision reached on February 13, 2025 (Exhibit 135, p. 1). The documentation includes a copy of an email to parties that must be notified pursuant to this criterion and the email is dated March 21, 2025 (p.12). The decision letter to the newly accredited institution was dated for March 6, 2025 (p. 1). It appears the agency may believe that the notifications required under this criterion must be made within 30 days of sending its decision letter to the institution. This is incorrect and they must instead be made within 30 days of when the decision itself is reached.

Additionally, the agency provided documentation of including the action in the Department's Database of Accredited Postsecondary Institutions and Programs (DAPIP) which is the required method of providing notifications to the Secretary. However, Department records indicate this action was not entered in the DAPIP until May 13, 2025. Therefore, it was not timely as it was required to instead be entered no later than March 16, 2025.

The failure to meet the notification deadline was also true for the other institution included in the agency's sample as it also was not entered in the DAPIP until May 13, 2025 (should have been entered by March 16th). These examples are not limited instances of late reports in the DAPIP and Department staff have included documentation of initial and renewal of accreditation actions recorded by the agency in 2025 which demonstrates other late notifications (Exhibit 167).

Description of 602.26(b)

(b) Provides written notice of a final decision of a probation or equivalent status or an initiated adverse action to the Secretary, the appropriate State licensing or authorizing agency, and the appropriate accrediting agencies at the same time it notifies the institution or program of the decision and requires the institution or program to disclose such an action within seven business days of receipt to all current and prospective students;

Analyst Remarks to Narrative:

The agency has rules that require it to provide written notice of a final decision of a probation or equivalent status or an initiated adverse action to the Secretary, the

appropriate State licensing or authorizing agency, and the appropriate accrediting agencies at the same time it notifies the institution of the decision (Exhibit 2). The agency defines adverse action and probation/equivalent status in its handbook (Exhibit 2, pages 99, 154, 169). The agency also has adequate rules regarding the institution's disclosure to current and prospective students within seven business days if an adverse action is initiated or an institution is placed on probation (Exhibit 2, page 132).

To demonstrate the agency provides notifications to required entities in accordance with the timelines established in this section, the agency did not provide a 'dated' commission decision letter putting an institution on probation/equivalent or a decision letter initiating adverse action against an institution, and the 'dated' corresponding notifications of such actions to required entities. The agency also did not provide a screenshot of a posts to DAPIP of such actions for the same sample institution, and any documentation that demonstrates the agency ensured an institution notified, within seven business days, current and prospective students of that probationary/equivalent status or of an adverse action that was initiated.

Analyst Remarks to Response:

In response to the draft staff analysis, the agency provided sample supporting documentation of notifications to institutions that were placed on a probation or equivalent status (Exhibit 136). The agency also provided sample documentation demonstrating instances in which it is requiring institutions to disclose their probationary status to current and prospective students as required by this criterion (Exhibit 117).

However, Department staff ran a report in the Department's Database of Accredited Postsecondary Institutions and Programs (DAPIP) for the month of November 2025 to capture all probation or equivalent actions reported by the agency during that period (Exhibit 156). Department staff then reviewed websites for those institutions to determine if it was evident that they had complied with the agency's requirement to notify current and prospective students of those actions (Exhibit 158). Of all websites that were reviewed (two were not working as of 12/23/2025), none appeared to include accurate information on the institutions' accreditation status with the agency.

The Department staff methodology was to first review the DAPIP to verify that the institution was still on a probation or an equivalent status or under an initiated adverse action and that more than seven business days had passed since the agency's notifications. Once confirmed, Department staff then searched for the institution and cross-checked matches to the address locations reported in the DAPIP. Then, Department staff reviewed the main website page, any "About" pages, and, in some instances, the catalogs if no accreditation information was readily observable

elsewhere on the websites.

Additionally, Department staff have observed instances of the agency not reporting an initiated adverse action in the DAPIP as such but instead reporting them as a probation or equivalent action. This is prohibited even if the agency treats the institution as if it is on probation while the opportunity to appeal is open or during the pendency of an appeal if sought. The agency must instead report such actions as an initiated adverse action. The agency was previously informed of this by Department staff and has made recent efforts to report these actions accurately. Department staff have also included a staff exhibit of an institution under an initiated adverse action with the agency that also does not appear to have been required to accurately disclose its accreditation status in a manner that informs prospective students that the institution is under that accreditation status (Exhibit 159).

Because it was clear to Department staff that the agency needed to take swift and proactive steps to address these issues, staff contacted the agency in early January 2026 to identify concerns over the institutions that were not indicating on their websites when they were under an action which required notifications to current and prospective students under the Secretary's Criteria. The issues were discussed with the agency several times over the ensuing months and included actual institutions' names that were verified by Department staff as not meeting the requirements of this criterion nor the agency's own policies and procedures. Finally, on May 5, 2026, the agency had identified at least 19 institutions that it confirmed were not complying.

The agency stated at that time that its Commission was issuing a directive to all institutions currently facing any relevant action to provide evidence of how current and prospective students have been notified of the action and that it was preparing those letters for distribution to be sent by the end of May. On May 29, 2026, (the last business day of May), Department staff reviewed five of those institutions' websites (from the agency's list of 19) at random after confirming the institutions were still in a status that required disclosure and did not see evidence of the correction having been made at that time to the their websites (zero for five). Institutional websites that were inspected were for North Florida Cosmetology Institute (FL), Cannella School of Hair Design (IL), Legends Barber College (KS), Venus Beauty Academy (PA), and House of Heavilin Beauty College (MO).

Department staff also note that in the correspondence with the agency on this topic that the agency noted that a “school on Probation is compliant with NACCAS’ requirements if it (i) accurately advertises its accreditation status (as published on NACCAS’ website) in its catalog, and (ii) provides the same information anywhere (else) it advertises its accreditation. Schools are not required to advertise their accreditation on their website.” Department staff are concerned that this statement indicates that the agency will not require an institution that does not advertise its

accreditation on its website to be required to report on its website when it has been subject to the actions described in this criterion, even though that is the most logical source that a prospective student would look for such information.

Description of 602.26(c)

(c) Provides written notice of the following types of decisions to the Secretary, the appropriate State licensing or authorizing agency, and the appropriate accrediting agencies at the same time it notifies the institution or program of the decision, but no later than 30 days after it reaches the decision:

(1) A final decision to deny, withdraw, suspend, revoke, or terminate the accreditation or preaccreditation of an institution or program.

(2) A final decision to take any other adverse action, as defined by the agency, not listed in paragraph (c)(1) of this section;

Analyst Remarks to Narrative:

The agency has rules regarding notifying required entities of a final adverse action (Exhibit 2, page 150). The rules require the agency to inform the Department, the appropriate State oversight agency, and the appropriate accrediting agencies at the same time that it notifies the institution, of any adverse action, final adverse action, or any action to place an institution on probation or equivalent status. However, the agency did not provide documentation (e.g., dated commission decision letter and dated communication with required entities) to demonstrate that required entities were notified at the same time as an institution regarding a negative action. The agency must provide a screenshot of a dated post to DAPIP regarding a negative decision and the dated corresponding commission decision letter.

Analyst Remarks to Response:

In response to the draft staff analysis, the agency provided sample supporting documentation involving actions of probation instead of adverse actions as required by this criterion which does not demonstrate compliance.

Description of 602.26(d)

(d) Provides written notice to the public of the decisions listed in paragraphs (b) and (c) of this section within one business day of its notice to the institution or program;

Analyst Remarks to Narrative:

The agency has an adequate rule relative to notifying the public of a negative accreditation decision or placing institutions on probation (Exhibit 2, page 151). The rule requires the agency to provide written notice to the public within 24 hours after a decision to place an institution on probation or to withdraw its accreditation by posting the notice on the agency's website or other means. Though the agency's rule on public notification does include the withdrawal of accreditation; however, it does not encompass all negative decisions (e.g. deny, suspend, revoke, or terminate). In addition, the agency did not provide documentation (e.g., dated decision letter and dated web posting) to demonstrate a notice was posted to its website within 24 hours of a negative decision or a decision to place an institution on probation.

Analyst Remarks to Response:

In response to the draft staff analysis, the agency referenced a revised section 11.4 of its handbook as applicable to the requirements of this criterion. However, that section is the agency's policies on notifications to governmental entities (Exhibit 130, p. 81). The agency's section of its handbook that pertains to notifications to the public appears instead to be section 11.6 (p. 82). In that section, the agency's policy states that the "Commission shall provide written notice to the public within 24 hours after a decision to place an institution on probation or to withdraw its accreditation (all appeal rights exhausted), by posting the notice on the NACCAS website or other means."

As discussed in the draft staff analysis, the agency needed to adopt a policy ensuring it would provide written notice to the public of the decisions listed in paragraphs (b) and (c) of Section 602.26 within one business day of its notice to the institution. Under a strict reading of the agency's existing policy, it only applies to probations (as opposed to a probation or equivalent action) and to withdrawals (as opposed to final decisions to deny, withdraw, suspend, revoke, or terminate accreditation). Additionally, the agency's use of the phrase "all appeal rights exhausted" seems to preclude inclusion of decisions to initiate an adverse action, which does not meet the requirements of this criterion.

Description of 602.26(e)

> (e) For any decision listed in paragraph (c) of this section, requires the institution or program to disclose the decision to current and prospective students within seven business days of receipt and makes available to the Secretary, the appropriate State licensing or authorizing agency, and the public, no later than 60 days after the decision, a brief statement summarizing the reasons for the agency's decision and the official comments that the

affected institution or program may wish to make with regard to that decision, or evidence that the affected institution has been offered the opportunity to provide official comment;

Analyst Remarks to Narrative:

The agency has rules, in accordance with this section, regarding the institution's disclosure of negative decisions to current and prospective students within seven business days (Exhibit 2, page 132). In addition, the agency's rules require negative decisions and a brief summary of reasons be made available to required entities no later than 60 days after the decision is made (Exhibit 2, page 132 and 151). However, the agency did not provide documentation (dated commission decision letter and dated communication with required entities) demonstrating a brief summary of reasons for the negative decision was made available to required entities no later than 60 days after the decision and the agency allowed the institution to provide comments. The agency did not provide a DAPIP screenshot of a brief summary of a negative decision and an institution's comments, as applicable, that was posted in DAPIP by the agency. The agency must provide documentation demonstrating how it ensured an institution disclosed a negative decision to current and prospective students within seven business days.

Analyst Remarks to Response:

In response to the draft staff analysis, the agency provided sample supporting documentation and narrative. Portions of the agency's narrative and documentation involve actions of probation instead of documentation and narrative focusing on the actions described in Section 602.26(c) as referenced in this criterion (final decisions of adverse actions). The documentation includes a list of accreditation decisions by the agency (probations and adverse actions). However, the sample decision letters the agency provided are only for probation actions (Exhibit 136).

The agency provided documentation of an institution having taken advantage of the opportunity to provide comment on a final adverse action (Exhibit 137) and the documentation further demonstrates notifications to the parties described in this section. Department staff located the accompanying decision letter in the Department's Database of Postsecondary Institutions and Programs (DAPIP) and it has been provided as a staff exhibit (Exhibit 174). The decision letter indicates that the agency stated to the institution that it was to immediately inform all current and prospective students that its accreditation was withdrawn. However, the agency did not provide supporting documentation indicating this step was carried out.

Department staff observed an agency notification of final adverse actions taken by the agency in November 2025 against two institutions who were withdrawn from

accreditation and those decisions were affirmed on appeal and thus became final (Exhibit 160). Department staff then observed the webpages for those same two institutions on December 30, 2025. Neither of them included up to date and readily visible information indicating their loss of accreditation (one did not have anything on its site about accreditation at all but still had an inaccurate reference in its course catalog that was downloaded and reviewed at that same time). Department staff have included screenshots of both of these observations (Exhibit 161).

Description of 602.26(f)

(f) Notifies the Secretary, the appropriate State licensing or authorizing agency, the appropriate accrediting agencies, and, upon request, the public if an accredited or preaccredited institution or program—

(1) Decides to withdraw voluntarily from accreditation or preaccreditation, within 10 business days of receiving notification from the institution or program that it is withdrawing voluntarily from accreditation or preaccreditation; or

(2) Lets its accreditation or preaccreditation lapse, within 10 business days of the date on which accreditation or preaccreditation lapses.

Analyst Remarks to Narrative:

The agency does not appear to have written policy regarding voluntary notifications as required in this section. The agency explained in the narrative that accreditation cannot lapse because institutions that fail to submit a renewal application within a specified time or fail to meet obligations in the renewal process would potentially be subject to a show cause order. The agency did not provide documentation of an instance when an institution was placed on show cause because it did not satisfy its renewal obligations.

The agency's rules outline the procedure for an institution's voluntarily withdrawal; however, the agency does not have written policy relative to it notifying required entities within 10 business days of receiving a withdrawal notification/request from an institution. The agency also did not provide documentation to demonstrate it adhered to notification requirements of this section.

Analyst Remarks to Response:

In response to the draft staff analysis, the agency has modified its policies and procedures to state that it will "…notify these government entities, at the same time, of an institution's decision to voluntarily relinquish its accreditation and the effective date

of that relinquishment" (Exhibit 130, p. 81). However, this language is not clear to Department staff. If it is the intent of the agency to notify the parties described in this criterion at the same time it issues notice to the institution that it has received notification of the institution's intent to voluntarily withdraw, then the policy is not adequate as it does not establish a timeline to issue the letter.

The agency's notifications to the required parties were timely in its sample supporting documentation (Exhibit 138). The documentation states the agency received notice on May 2, 2025, of an institution's intent to voluntarily withdraw from accreditation. The agency then provided notifications to the required parties on May 9, 2025. All parties described in this criterion were notified on the same date. Although this sample demonstrates a compliant practice, Department staff cannot locate a policy requiring the agency to send out the notifications within 10 business days of receiving a notice from an institution of its intent to withdraw from accreditation. Therefore, the agency needs minor modifications to its policies to reflect its generally compliant practice.

The agency's policies and procedures do not permit a lapse of accreditation to occur at its institutions as it will begin moving toward adverse action if institutions are not meeting timelines for renewal of their accreditation. The agency provided the requested supporting documentation (Exhibit 139).

602.28 Required Operating Policies & Procedures

Description of 602.28 (b)

(b) Except as provided in paragraph (c) of this section, the agency may not grant initial or renewed accreditation or preaccreditation to an institution, or a program offered by an institution, if the agency knows, or has reasonable cause to know, that the institution is the subject of--

(1) A pending or final action brought by a State agency to suspend, revoke, withdraw, or terminate the institution's legal authority to provide postsecondary education in the State;

(2) A decision by a recognized agency to deny accreditation or preaccreditation;

(3) A pending or final action brought by a recognized accrediting agency to suspend, revoke, withdraw, or terminate the institution's accreditation or preaccreditation; or

(4) Probation or an equivalent status imposed by a recognized agency.

Analyst Remarks to Narrative:

The agency has standards and rules regarding negative actions taken by other accrediting agencies and State agencies (Exhibit 2, page 123). The agency's rules indicate it will not grant or renew accreditation for an institution that is subject to a State and/or recognized agencies' interim or final actions to suspend, revoke or terminate an institution's authorization or accreditation; however, the agency's rules do not stipulate accreditation will not be granted if such agencies withdraw an institution from authorization/accreditation. In addition, the agency's rules do not explicitly state that an institution will not be granted accreditation (initial or renewed) if an institution is denied accreditation by a recognized agency or placed on probation or an equivalent status. The agency indicated in the narrative that there were no instances where it had to apply relevant rules.

Analyst Remarks to Response:

In response to the draft staff analysis, the agency revised its policies to further address the requirements of this criterion (Exhibit 130, p. 53). However, the agency did not modify its policies to address actions of withdrawal as specified in the analysis and the criterion. Additionally, the agency's policy is not triggered unless it "has received information from an appropriate State agency, or another accrediting agency…" regarding the types of actions described in this section. However, the requirements of this criterion are not limited to only instances in which the agency receives actual notification of those actions but instead also when it has reasonable cause to know such events have occurred. The agency does not meet the requirements of this criterion.

Description of 602.28 (d)

> (d) If the agency learns that an institution it accredits or preaccredits, or an institution that offers a program it accredits or preaccredits, is the subject of an adverse action by another recognized accrediting agency or has been placed on probation or an equivalent status by another recognized agency, the agency must promptly review its accreditation or preaccreditation of the institution or program to determine if it should also take adverse action or place the institution or program on probation or show cause.

Analyst Remarks to Narrative:

The agency has rules that require it to promptly review its accreditation of an institution to determine if it should also take adverse action or place the institution on probation or show cause in accordance with this section (Exhibit 2, page 123). The rules require the agency to promptly review the accreditation or reaccreditation status it has previously granted to an institution to determine if there is cause for it to

withdraw or otherwise alter the accreditation status if another recognized accrediting agency places an institution or the principal program offered by such institution on public probationary status or revokes the accreditation of the institution or principal program within an institution. Though the agency indicated in the narrative that no actions were received from State agencies between 2021 and 2023, it is unclear if the agency conducted a review, during the recognition period, of an institution after learning another accrediting agency took adverse action against an institution or put an institution probation status.

Analyst Remarks to Response:

In response to the draft staff analysis, the agency states that it has not conducted its own review after learning that an institution it accredits was the subject of an adverse action by another recognized accrediting agency or had been placed on probation or an equivalent status by another recognized agency during the current recognition period. Department staff separately received additional clarification from the agency stating that it “has not, during the current term of recognition, been informed of any action by another accrediting agency, either an adverse action or an action to place an institution on probation or equivalent status, with respect to an institution NACCAS accredits.” However, this criterion is triggered not only when the agency has been informed by another recognized agency of having taken the actions described in this section but also when it has “learned" of such actions regardless of how it acquires the information (such as a news alert).

Additionally, the agency's written policy only addresses a probation action or an action to revoke accreditation (Exhibit 130, p. 53). The requirements of this criterion apply to all adverse actions and also probation-equivalent actions.

PART III: THIRD PARTY COMMENTS

The Department did not receive any written third - party comments regarding this agency.

Report Dates

1. **Narrative Submission:** 02/01/2024
2. **Draft Clearance:** 03/10/2025
3. **Final Clearance:** 06/18/2026
4. **Response Submission:** 09/10/2025