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"Strengthening Accreditation to Better Protect Students and Taxpayers"
U.S. House of Representatives Education and the Workforce Committee
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Dear Chairwoman Foxx and Ranking Member Scott, thank you very much for the opportunity to testify before you today about the importance of higher education accreditation in protecting students and taxpayers.

Every year, millions of American students enroll at institutions of higher education. Most are seeking better economic opportunities for themselves and their families in addition to the knowledge they need to become engaged members of society.

Regardless of whether they are attending the wealthiest college in the country, their local community college, or a beauty school down the street, these students are betting their futures on a quality education. That bet, in turn, depends upon a triad of oversight from state governments, the federal government, and private nonprofit agencies, all working in concert to guarantee quality.

This triad is supposed to represent the best of both public-private partnerships and federalism. Unfortunately, a game of buck-passing amongst these three sectors has allowed a range of problematic institutions to continue taking money from students and taxpayers, and it has failed to encourage the innovations we need to make sure our postsecondary education system keeps up with the needs of a changing economy.

While no part of the triad is without blame, accreditors must do better. They lack sufficient resources for meaningful accountability, do not always pay enough attention to student outcomes, and are unnecessarily opaque in their work. Though there are examples of good practices, accreditors often fail to follow best practices from peer agencies. Admittedly, Congress has done accreditors few favors by failing to grant the flexibility and protection needed to help these agencies operate better.

There is no simple fix for these fundamental challenges. Accomplishing the dual goals of consumer protection and innovation requires reforming the current system of accreditation, as well as exploring alternative ways of conducting quality assurance. I will touch on both briefly.

Reforming the current system

Building an accreditation system that better serves students will require the following six reforms:

1. Adopting consistent language
2. Increasing resources for review of problematic colleges

3. Focusing more on student outcomes
4. Addressing tensions between improvement and accountability
5. Requiring more transparency
6. Allowing for greater flexibility

Adopting consistent language

An accreditor's action against an underperforming institution can serve as a valuable warning sign to students and policymakers. Unfortunately, the current system lacks universal definitions and terminology necessary to help students and even government officials understand the extent of a problem when it occurs.[1] When some accreditors are close to the point of terminating an institution's approval, they place the college on "show cause." Other accreditors put the college on probation. Some offer warnings, others do not.

Even when accreditors use the same terminology, the true meaning can be very different. Some accreditors remove most show cause orders within six months. Others may keep them in place for two years or longer.

While the Council for Regional Accrediting Commissions (C-RAC) eased this problem somewhat by adopting common definitions among the regional accreditors,[2] more must be done. In particular we recommend two changes:

- **Regionals and nationals should adopt common terminology and definitions**. This includes the same progression of actions (e.g., warning, then probation, then show cause).
- **Accreditors should establish minimum timeframes for sanctions.** Placing an institution on show cause due to serious problems only to remove that status in six months raises serious questions about how meaningful the oversight was in the first place.

Increasing resources for review of problematic colleges

In calendar year 2013, the 12 main regional and national accreditors spent just $75 million on quality assurance.[3] That means every $1 spent by accreditors grants access to nearly $1,700 in

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[1] Antoinette Flores, "Watching the Watchdogs: A Look at What Happens when Accreditors Sanction Colleges" (Washington, DC: Center for American Progress), availble at https://www.americanprogress.org/issues/education/reports/2016/06/21/139529/watching-the-watchdogs/
[2] Doug Lederman, "Getting Their Act(ion)s Together," Inside Higher Ed, April 20, 2014, available at https://www.insidehighered.com/news/2014/04/10/regional-accreditors-align-their-actions-and-procedures-they-use-impose-them
[3] Antoinette Flores, "Getting What We Pay for on Quality Assurance" (Washington, DC: Center for American Progress), available at https://www.americanprogress.org/issues/education/reports/2017/03/29/427955/getting-pay-quality-assurance/

federal financial aid.[4] As a result of this low spending, the 12 main agencies employed fewer than 400 people to oversee 7,000 institutions and campuses.[5]

Agency spending per institution also varies widely. For example, the Western Association of Schools and Colleges, Senior Commission (WASC) spends over $30,000 per school per year. The Higher Learning Commission (HLC), spends only about one-third of that amount.[6]

To some extent, low spending is an intentional feature of the accreditation system. These agencies rely on volunteer peer reviewers to visit an institution and assess its compliance with standards. But a largely volunteer system with little funding is not up to the task of safeguarding $120 billion in annual federal financial aid.

Insufficient revenue for quality assurance has numerous ramifications. First, it means agencies have to conduct detailed reviews of massive institutions of higher education in short periods of time. The average site visit, for example, lasts less than a week.[7] Second, a shortage of professional staff may mean that accreditors struggle to balance competing demands from multiple problematic institutions. Third, the lack of resources creates a substantial imbalance when problems arise. Schools that receive millions in federal aid that do not like an accreditor's findings can take them to court and potentially bleed them dry, forcing a settlement.

Several reforms would improve accreditors' resources:

- **Greater attention to accreditor resources in federal reviews.** Federal reviews of accreditors are already supposed to look at an agency's resources but tend to be relatively cursory. These should be strengthened to examine whether the ratio of staff to institutions overseen is too low, as well as whether spending per school is sufficient.
- **Increase fees for problematic colleges.** Accreditors currently set their dues and fees schedules based upon factors such as the size of a school or its level of spending. None of them charge higher fees upfront for problematic colleges to reflect the higher costs required to closely review an institution with worrisome outcomes. Accreditors should work together to come up with performance-based fees that increase charges for problematic colleges (reflecting ability to pay) so that these agencies have the resources they need to devote more time to these schools.
- **Provide greater legal protections for accreditors.** One way to equalize the resource imbalance between schools and accreditors is to give the agencies some legal protections that lessen the risk of lawsuits when they act. These protections should be structured in a way that respects institutional due process rights while also preventing teams of high-priced lawyers from undermining the quality assurance system.

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[4] Ibid.
[5] Ibid.
[6] Ibid.
[7] Higher Learning Commission, "Comprehensive Evaluation Visit," available at https://www.hlcommission.org/Accreditation-Processes/comprehensive-evaluation-visit.html; Accrediting Commission of Career Schools and Colleges, "Preparing for the On-Site Evaluation," available at http://www.accsc.org/UploadedDocuments/2016%20February/Blueprint%20for%20Success%20-%20Preparing%20for%20the%20On-site%20Evaluation%20Final%20Web%20030216.pdf

Focusing more on student outcomes

Where accreditation agencies can offer valuable expertise that state and federal governments lack is in evaluating learning and academic outcomes. But too often, efforts to assess learning get bogged down in studying the bureaucratic processes on campus, and pay insufficient attention to actual student achievement.

In addition, learning cannot be the only indicator of quality assessed. After all, how meaningful is what people learned if no one graduates? Or if few students can repay their loans?

There have been some positive developments in this area, but they remain insufficient. For starters, all major national accreditation agencies have minimum thresholds on some measure of student outcomes, such as graduation and completion rates, exam pass rates, and job placement rates. But these thresholds are often based on a low bar that almost all institutions can pass--such as requiring programs and institutions to demonstrate a job placement rate of just 60 to 70 percent.[8] This approach does not question whether overall results are good enough.[9]

Second, regional accreditors recently announced they plan to study their institutions with low graduation rates.[10] While this process is encouraging, it is still in its early stages and so it is too early to tell whether it will amount to any real change.

Certainly, other parts of the triad share the blame. The current standards for institutional performance on federal loan debt are too weak. Of the 593,000 students who entered repayment on a federal loan in 2013 and defaulted within three years, just 619 attended one of the 10 colleges at risk of losing access to financial aid due to high default rates.[11] Judging colleges only on default fails to capture other debt problems, such as inability to repay loans, and are too easily gamed. If we really want accreditors to do a better job with the lowest performing schools, Congress and the Education Department must first act to remove the schools whose financial aid results are unacceptable.

Below are policies that Congress and accreditors could enact to increase attention to student outcomes:

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[8] U.S. Department of Education, "National and Programmatic Accreditors Summary of Student Achievement Standards Summary," available at https://www.ed.gov/accreditation

[9] Ibid.

[10] Andrew Kreighbaum, "Tougher Scrutiny for Colleges With Low Graduation Rates," Inside Higher Ed, September 21, 2016, available at https://www.insidehighered.com/news/2016/09/21/regional-accreditors-refocus-institutions-low-grad-rates

[11] Ben Miller and CJ Libassi, "Sharing the Risk: A Plan for Colleges to Participate in the Costs of Student Loan Failure" (Washington DC: Center for American Progress), available at https://www.americanprogress.org/issues/education/reports/2016/12/19/295187/sharing-the-risk/

- **Require accreditors to set minimum outcomes standards.** Accreditors should work together to set minimum performance bars for outcomes, especially around completion and job placement. This should include common definitions, and does not need to be bound by existing formulas. These minimums must be set in a rigorous way that does not reinforce mediocrity for example by simply setting benchmarks at one standard deviation below the median.
- **Increase federal minimum requirements for student financial aid.** Congress should consider whether existing student loan performance thresholds and metrics are of sufficient rigor.

Addressing tensions between improvement and accountability

By and large, accreditors see their primary role as helping institutions improve. However, the role they have come to play in the American higher education system demands that they accept responsibility for holding colleges accountable. Many times in the past few years, institutions of higher education have faced investigations from states' attorneys general or federal agencies.[12] On other occasions, accreditors themselves have turned up evidence of troubling practices related to job placement rates, among other areas.[13] Either way, accreditors are not in the dark when these investigations start. Yet many accreditors struggle to take meaningful action when these problems occur. They may ask institutions about the investigations and institute some additional monitoring, or they may request institutions address a problem and then give them repeated opportunities to come into compliance.

Failing to act when problems are first identified is a lost opportunity to protect students and taxpayers. A more proactive approach to red flags could possibly have prevented the flow of millions in federal dollars to institutions serving their students poorly. Accordingly, accreditation agencies should be held accountable if they fail to address issues that are -- or should be -- on their radar.

Two changes would help with this improvement versus accountability tension:

- **Hold accreditors responsible for problems they fail to identify.** The accreditor review process should look at instances where institutions approved by an agency faced investigations or other negative actions from other members of the triad. This should be limited to topics covered by an accreditor's standards (e.g. recruitment practices but not "slip and fall" problems).
- **Address challenges with institutions that have common ownership and multiple accreditors.** Oversight of national college chains with accreditation through multiple agencies can fall through the cracks. A problem turned up at one agency may not be shared with another. And agencies may fail to look at what practices are driven by the

[12] Ben Miller, "ACICS Must Go" (Washington DC: Center for American Progress), available at https://www.americanprogress.org/issues/education/reports/2016/06/06/138826/acics-must-go/
[13] Letter from Mary Gust to Jack Massimino, August 22, 2014, available at https://www.republicreport.org/wp-content/uploads/2014/08/EdCoColtr822.pdf

corporate headquarters. This should be fixed by ideally moving to a system where commonly owned institutions do not have different accreditors. Until then, accreditors should conduct joint reviews--including of corporate headquarters--when they have institutions that receive approval through multiple agencies. The current proposal to sell the Education Management Corporation is an opportunity for accreditors to conduct a more centralized review of a large company with multiple accreditors.

Requiring more transparency

Accreditation agencies' decisions affect the flow of billions of taxpayer dollars. Accordingly, the public and policymakers should have a right to see the actual work conducted by these agencies. This includes self studies, team reports, and reasons for sanctioning or removing a sanction from a college.

To its credit, WASC instituted a policy in June 2012 to publish these documents for the schools it oversees.[14] Yet in the nearly half decade since, no other major accreditor has followed its lead. Similarly, while many accreditors have released a list of their actions and occasionally provide some details for the steps taken, it was not until recently that the Department of Education began requiring the reporting of this information that it became available in a systematic way.

Given the lack of action on this front despite years of interest, Congress should step in and require the publication of these accreditation documents. Many accreditors and institutions will likely resist, arguing college officials and their own staff and volunteers will not be candid without confidentiality, but this is a ruse.[15] For example, a review of several team reports from the most troubled accreditation agency--the Accrediting Council for Independent Colleges and Schools (ACICS) did not reveal candor. It showed a rudimentary "check-the-box" approach to review that could have been stopped years ago had policymakers been aware of the problem[16]

Allowing for more flexibility

Many of the recommendations above call for greater consistency and standardization around terminology, formulas, and minimum performance thresholds for accreditors. But other parts of the accreditation system would benefit from greater flexibility. This is true of not just how accreditors review colleges, but also what level of access they grant to financial aid, and how the Department of Education reviews them.

The accreditation process could pursue differentiation in several ways.

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[14] WASC Senior College and University Commission, "Public Disclosure of Accreditation Documents and Commission Actions Policy," available at https://www.wscuc.org/content/public-disclosure-accreditation-documents-and-commission-actions

[15] Council for Higher Education Accreditation, "Position Paper: Regulatory Relief for Accreditation," April, 2017, available at http://www.chea.org/userfiles/Occasional%20Papers/Regulatory-Relief.pdf

[16] Ben Miller, "ACICS Must Go."

- **Differentiated institutional reviews.** Accreditors should provide a path where high-performing institutions face streamlined reviews, with the resources freed up from this process redirected toward greater scrutiny around colleges with worrisome results. Several accreditors are currently pursuing different paths for institutional reviews.
- **Differentiated access to federal financial aid.** Current accreditor approval for federal financial aid is binary. Institutions can either access all parts of the aid programs or nothing. This makes removal of federal student aid essentially a nuclear option that would likely force most schools to close. Accreditors should have the ability to grant different levels of access to federal aid. For instance, they could give new providers time to prove themselves by first allowing them to receive only grants, then greenlight them for loans if all has gone well. (This chronology would reflect the greater risks to students that come with debt.) Similarly, accreditors could first deny access to loans from failing colleges as a way of easing them out of the system without causing immediate closures. Granting accreditors the authority to pursue other changes at colleges--such as replacing leadership--could be another way to more effectively drive improvement.
- **Differentiated approval of accreditors.** The current system fails to reward accreditors who want to be more rigorous. In fact, there are several instances among national accreditors of colleges seeking out weaker agencies after facing challenges from stronger ones.[17] When it reviews accreditors, the federal government should set up a different and less onerous track for agencies that have demonstrated that they conduct rigorous oversight and that the institutions they approve have strong outcomes.

Establishing an alternative system of quality assurance

Improving the current system is not enough. There is substantial experimentation outside the traditional system of higher education that may merit access to federal funding. Experimenting with new ways of assessing the quality of these providers could provide lessons for improving the existing system without creating too much disruption for the millions of students and billions of taxpayer dollars currently tied to accreditation. New models of quality assurance could seek ways to reduce the burden of quality assurance while still having strong protections for students.

An alternative system should be predicated on a streamlined approval process available only for educational providers that can demonstrate exceptional student outcomes and financial health. It should be voluntary and not replace the existing system. This alternative should preserve what the current system does exceptionally well. It should also seek new approaches to solve some of the most pressing challenges of existing accreditors—the inconsistent presence of clear outcomes standards, the tensions between accountability and improvement, and difficulties in assessing the accuracy of claims made by institutions.

Here is how CAP proposes accomplishing the goals above. First, the alternative system would continue to rely upon private third parties to determine appropriate standards for student

[17] Ben Miller, "ACICS Must Go."

performance and financial health. These actors would be called “standard setters.” Much like today’s accreditors, these bodies would submit an application to the U.S. Department of Education outlining the measures that they believe are necessary to deem an educational provider of sufficient quality for accessing federal financial aid. These standards would have to consist of quantifiable measures with clear thresholds. This includes outcomes such as student loan repayment, completion, job placement, and earnings.

This system would also require greater upfront financial protections for all new providers. Those without a track record of success would be required to post either a letter of credit or a surety bond to ensure that taxpayers and students can be made whole if things go wrong. Upfront financial commitments also serve as a market test to judge whether private actors think a program is worth an investment risk.

Admittedly, measures such as completion rates and earnings do not represent the full range of positive outcomes that can and should come from a high-quality education. These items, however, represent the minimum information the federal government must have to have confidence that allowing a provider’s students to borrow loans and receive grants will not lead to unwanted results down the line.

While we rely on third parties to set standards, the rest of the quality assurance work would be handled by the federal government. This includes collecting performance data from institutions, verifying that information is accurate, and approving providers that meet standards and denying or removing eligibility for those who do not.

Having the federal government handle verification and enforcement improves on the current system in several ways. First, the federal government can already access much of the necessary information--such as earnings and loan outcomes--while accreditors cannot do so without additional data collection. Second, the federal government possess greater resources than accreditors, which gives it greater ability to verify that institutions are telling the truth about outcomes. Finally, having the federal government ultimately make the decision about approving or denying providers removes a major conflict of interest in the existing system whereby accreditors strive to both help colleges improve and hold them accountable.

All told, this alternative system would marry the best of both worlds, with a role for private actors, and with increased rigor and oversight from the federal government. Additional details for our proposal can be found in “A Quality Alternative,” which the Center for American Progress published in October 2016.[18]

[18] Ben Miller, David A. Bergeron, and Carmel Martin, “A Quality Alternative: A New Vision for Higher Education Accreditation” (Washington DC: Center for American Progress) available at https://www.americanprogress.org/issues/education/reports/2016/10/06/145152/a-quality-alternative-a-new-vision-for-higher-education-accreditation/

Conclusion

For students and families, a college education is likely the second biggest purchase they will make after a home. Taxpayers, meanwhile, invest over 120 billion a year for educational options beyond high school. The sums of money involved demand that we have a strong quality assurance system that ensures funds go to high-quality educations.

The onus for quality assurance cannot fall entirely on accreditors, but that does not mean they are blameless, either. Accreditors must be expected to act when problems arise. They must do a better job working together to raise standards, promote consistency, and increase transparency -- or have Congress step in if they cannot.

The steps above will make our higher education quality assurance system stronger and more meaningful. But they cannot be a replacement for action elsewhere in the triad. The federal government, especially, cannot back down from its efforts to hold institutions accountable through consumer protection rules. And Congress, too, must ask whether the current system of cohort default rates and other tools are sufficiently rigorous. In other words, accreditation improvements are a necessary, but not sufficient, step in guaranteeing all students can access a high-value postsecondary education.