Alternative to the NACIQI Draft Final Report

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Recommendation: Break the link between federal student aid and accreditation.

The federal government currently spends over $175 billion in student financial aid, and cumulative student loan debt already exceeds one trillion dollars. Clearly, the federal government has a rightful interest in the accountability of American higher education.[1] However, the current system designed to ensure academic accountability – accreditation – is dysfunctional and neither protects the federal dollar nor ensures academic quality.

Far from being the generally "admirable" system of quality assurance outlined in the draft final report, accreditation is a broken system. With accreditors as gatekeepers, nearly 7000 colleges and universities across the country are accredited and have access to federal funds.[2] Once accredited, institutions rarely lose their accreditation. And yet the Department's own National Assessment of Adult Literacy finds that a majority of four-year college graduates could not reliably compare two editorials or compute the cost per ounce of food items.[3] Professor Richard Arum of New York University – who appeared before NACIQI – and Professor Josipa Roksa of the University of Virginia reported that more than half of the students they surveyed at a wide range of accredited colleges and universities learned little or nothing in their first two years.[4] Employers consistently report concerns that the quality of higher education is inadequate for workplace needs.[5] This is not quality assurance and we shouldn't pretend otherwise.

A substantial part of the problem lies in the dual – and conflicting—nature of accreditation. The accreditors want to be gatekeepers for federal funding on the one hand and self-improvement experts on the other. The two roles simply do not mesh. The combination of these two functions, says the draft final report, is the best system available because it is nongovernmental and imports the voluntary system of quality assurance and self-improvement that existed before the adoption of the Higher Education Act.

But accreditors are not, in fact, voluntary private actors. As gatekeepers of federal financial aid, accreditors function as agents of the federal government. They have the ability to permit or withhold federal funds – a matter of life and death for institutions. It is because of this very powerful role that a number of institutional witnesses raised serious concerns about growing regulatory prescriptions and intrusiveness, and about inconsistencies in findings in the accreditation process. Notably, a significant

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1 To our knowledge, the accreditation system is highly unusual in outsourcing to private entities decision-making over such significant sums of taxpayer money, especially given the conflicts of interest and inconsistencies in the application of accrediting standards.

2 CHEA Fact Sheet #1, Profile of Accreditation, revised, August 2011: "6632 accredited institutions were certified to participate in the federal Title IV (Student Assistance) Program in 2008-2009."

3 Mark Kutner, Elizabeth Greenberg, and Justin Baer, *A First Look at the Literacy of America's Adults in the 21st Century* (Jessup, MD: National Center for Education Statistics, 2005) http://nces.ed.gov/NAAL/PDF/2006470.PDF .

4 Richard Arum and Josipa Roksa, *Academically Adrift* (Chicago: University of Chicago Press, 2011).

5 Linda Barrington, Jill Casner-Lotto, *Are They Really Ready to Work? Employers' Perspectives on the Basic Knowledge and Applied Skills of New Entrants to the 21st Century U.S. Workforce* (The Conference Board, Corporate Voices for Working Families, The Partnership for 21st Century Skills, and the Society for Human Resource Management [New York, NY and Washington, DC: 2006]) http://www.p21.org/storage/documents/FINAL_REPORT_PDF09-29-06.pdf; *Raising the Bar. Employers' Views on College Learning in the Wake of the Economic Downturn* (Hart Research Associates, Washington, DC: 2010) http://www.aacu.org/leap/documents/2009_EmployerSurvey.pdf.

number of the recommendations in the draft final report risk creating an even more intrusive accreditation system– that will raise costs and impinge on institutional autonomy.

The draft final report would have it both ways. It wants accreditors to continue to act as private peer review teams, but then seeks special federal intervention – such as insurance coverage for the "more risky litigation-prone elements" of gatekeeping. If accreditors genuinely want to be private peer review teams, they can be – by returning to the voluntary system of quality assurance and self-improvement that existed before they were made gatekeepers of federal funds.[6] Delinking accreditors from their federal gatekeeper role is essential to achieving this end.[7] Neither the federal government nor accrediting agencies acting as its surrogate can address the complex issues that comprise academic quality.

It is time to return to the original vision of accreditation: peer institutions advising and critiquing one another in a voluntary, yet rigorous system of self-improvement.

This would also eliminate the serious conflicts of interest that exist under the accreditation system. Funding of the accrediting agencies comes from the same institutions they are supposed to regulate. The very people who benefit from federal funds, moreover – administrators and faculty who constitute accrediting teams – are the self-same people that determine whether federal funds should flow. They know they will in turn be judged by similar accrediting teams, making them loath to apply rigorous quality measures. It is as if the Federal Government allowed banks to decide which banks are safe and then empowered them to determine those eligible for access to Federal Reserve loans and other benefits.

Accreditation currently gives students and parents a false sense that accredited schools have passed a meaningful test of quality when they have not. Real public accountability cannot and should not be imposed by accreditors but should come from the institutions themselves. And this accountability can be provided far more cheaply and more effectively by simply demanding evidence of financial stability and transparent consumer information.

Recommendation: Initiate a new simplified and cost-effective system of quality assurance that tells the public what it needs to know and protects taxpayer dollars.

Financial assurance: Currently, the federal government undertakes a baseline financial review to ensure institutional solvency. This review should continue with the understanding that the Department should enforce it stringently – refusing financial aid to students at those schools that are not financially sound. In addition, institutions should be required to post a statement, certified by an independent auditor, that they have sufficient resources to ensure that all enrolled students can be supported to the completion of their degrees. If that statement is not supplied, federal funds would be cut off.

Consumer information on key measures of quality: In the days before families could research institutions online, accreditation offered a voluntary seal of approval that said these colleges and

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[6] The Veterans' Readjustment Assistance Act of 1952 stipulated that students could only use funding provided by the Act to attend accredited institutions. The gatekeeping role of accreditation was augmented further with the 1965 Higher Education Act which created new comprehensive federal student aid programs which only accredited schools were eligible to administer. See further: Peter T. Ewell, *U.S. Accreditation and the Future of Quality Assurance. A Tenth Anniversary Report from the Council for Higher Education Accreditation* (Council on Higher Education Accreditation, Washington, DC: 2008) 40.

[7] Note the critique that the president of CHEA, Judith Eaton, offers of the draft final report in CHEAmail 8.1 (February 22, 2012). Dr. Eaton emphasizes the necessity of reducing, rather than increasing the federal role in institutional improvement: "In contrast to the path of greater federal involvement proposed by the report, robust institutional and faculty leadership for quality and accountability builds on the strengths that have brought the higher education enterprise to where it is today and offers greater promise to students and society."

universities offer a quality curriculum. But public information today is both cheap and simple. The existing system of largely opaque self-studies and reviews provides little information to the public and obscures whether or not institutions are doing a good job of educating their students.

To address the need for public accountability and quality assurance, institutions should be required to provide a set of basic information – much of which is already collected for the Department of Education's College Navigator site – on their homepages (along with the certification described above) that will present in a clear and accessible format key data for quality and affordability:

- Tuition, fees, cost of attendance, net cost and available financial aid
- Degree programs offered
- Graduation rates, disaggregated by demographics; transfer rates as available
- Retention rates
- Student loan default rates
- Student outcomes: licensure test results (as appropriate); value-added assessments of collegiate skills, if utilized; job placement rates. Institutions may, at their discretion, include other information for consumers such as alumni and employer satisfaction data; graduate or professional school placement data; and the nature and requirements of their degree programs.
- Other data that the United States Congress deems appropriate.

- Substantial penalties would apply to falsification of these metrics.

The Department of Education should also post the information on its website in an accessible and understandable way.

Recommendation: Reduce the cost of higher education by eliminating the cost of federally mandated accreditation.

In its recommendations, the majority concludes that accreditation is "cost effective." In fact, it is not. Witnesses to NACIQI uniformly suggested that accreditation is contributing to the crippling cost of higher education. In testimony, Princeton Provost Christopher Eisgruber explained that the cost of federally-mandated accreditation often exceeds $1 million for a single institution and hundreds of hours of staff time. Stanford Provost John Etchemendy argued that "accreditation is no substitute for public opinion and market forces as a guide to the value of the education we offer." [8] We agree.

Not only does accreditation raise costs, it also seriously undermines institutional autonomy. When Congress decided to make accreditors gatekeepers of federal financial aid, it did so in the belief that faculty and administrators would protect the autonomy of American higher education. In fact, a substantial number of witnesses—institutions currently accredited – argue that the accrediting staffs have started to substitute their own regulatory agendas for those of our colleges and universities.

In written testimony, Dartmouth President Jim Yong Kim raised concerns that accreditation staff often substitute their own judgment for that of an institution's trustees and administrators.

Delinking accreditation from the gatekeeper role would address this problem. Congress should give institutions the freedom to use their own best judgment on how to carry out their educational objectives

[8] NACIQI received substantial testimony on the costs of accreditation. And many parties supported a comprehensive study of costs including ACE, AAU, Norwalk Community College and Bristol Community College. A motion calling for a specific study of the cost of accreditation was voted down on the grounds that the costs were self-evident. Yet the draft final report claims that accreditation is cost-effective.

most effectively, provided that they make available to the public the data it needs to make informed choices. At the same time, accreditors would play an ever more important role in voluntary quality improvement.

Recommendation: Break the accreditor monopoly. The current regional structure of accreditation is "increasingly unsuited to American higher education" and can "constrain innovation, creativity, and improvement." Those were the words of President Kim of Dartmouth and Princeton President Shirley Tilghman, and we are in full agreement. At a time when higher education is global in nature and geographic boundaries have been eliminated by the realities of the Internet, retaining the regional limitations will simply maintain anticompetitive cartels.

Recommendation: Create a consumer-friendly expedited alternative. Congress should, at the very least, create a consumer-friendly expedited alternative for reaccreditation, allowing previously accredited institutions to certify key information about financial solvency and key measures of quality (as outlined above).[9]

At the present time, accreditation offers a misleading reassurance to the public that an institution that bears its seal of approval offers a quality education and good value for the investment of public and private funds. As such, it is an expensive, counterproductive system. The recommendations described above offer effective alternatives to those presented in the draft final report. Their advantages rest in making the key elements of consumer protection clearer and more accessible to the public, while setting accreditation free to resume its traditional role of encouraging best practices and continuous quality improvement.

[9] In testimony submitted, a range of parties expressed interest in an expedited option including Princeton University, C-RAC, ACE, and AAU.