Higher Education Accreditation and the Federal Government

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The accreditation system in American higher education began in the late 1800s and early 1900s as a way for colleges and universities with high academic standards to distinguish themselves from institutions that claimed to be colleges but had curricula similar to many high schools (Harcleroad 1980). Accreditation began as a voluntary process, with the federal government playing no role in quality assurance. This changed in 1944, when the GI Bill allowed veterans to use federal funds to attend any qualified college of their choice. After an initial effort to rely on states to create lists of approved colleges resulted in concerns about low-quality colleges popping up to capture federal funds, the federal government faced a choice (House Select Committee 1951). It could either create its own list of approved colleges or rely on the existing private-sector accrediting system that operated separately from the states to serve as a gatekeeper for federal financial aid. In the Veterans Readjustment Assistance Act in 1952, lawmakers chose to rely on accreditors to ensure minimum quality standards because they were satisfied with accreditors' ability to assure educational quality, and today, accreditation remains a necessary condition of receiving federal financial aid (Conway 1979).

Since the 1992 reauthorization of the Higher Education Act, the federal government oversees accreditors via the National Advisory Committee on Institutional Quality and Integrity (NACIQI), which reviews them at least every five years based on accrediting standards, site visits, and public comments from colleges or programs recognized by the accrediting agency to receive federal financial aid. This committee, whose members are appointed by Congress and the secretary of education, makes its recommendation about recognition to the secretary (who has the final say). The NACIQI gained national attention in 2016 when it recommended that the secretary of education terminate recognition of the Accrediting Council for Independent Colleges and Schools (ACICS), one of the largest accreditors of for-profit colleges, because of quality concerns (US Department of Education 2016). This has resulted in hundreds of colleges scrambling to find a new accreditor in case ACICS's appeal to retain recognition is unsuccessful.

The heated political battle around ACICS is but one skirmish in a series of battles regarding the federal government's role in the accreditation process, which is awkward because of its reliance on accrediting agencies in the quality assurance process. Accreditors have faced pressure from politicians on both sides of the aisle to impose tougher standards on colleges, especially as the federal government gives out billions of dollars in federal Title IV financial aid to colleges with subpar student outcomes (Itzkowitz 2017). On the other hand, accreditors' efforts to revoke institutions' accreditation have been met with lawsuits from affected colleges and pressure from lawmakers in the colleges' districts. This puts accreditors in a bind. As the president of the Middle States accrediting agency once said, "What's an accrediting agency supposed to do?" (Sibolski 2012).

In this memo, I begin by summarizing the current system and which criteria accrediting agencies use to evaluate institutional performance. I then detail some of the main critiques levied against the current system before offering potential recommendations for reforming the federal government's role in the accreditation process with the goal of improving program quality while reducing the burden on colleges and taxpayers.

An Overview of Accreditation

There are three main types of accrediting agencies operating in the United States. Seven **regional accreditors** accredit degree-granting colleges and universities in specific regions of the country, with each region being served by a particular agency (except for California and Hawaii, which have separate accreditors for two-year and four-year colleges). The regional agencies accredit about 39 percent of colleges and 85 percent of students nationwide, including most public and private nonprofit colleges and some of the largest for-profit college chains (CHEA 2015). In addition, there are 10 recognized **national accreditors**. Four small faith-related accreditors serve small, religiously oriented institutions, while six career-related accreditors (excluding ACICS) serve mainly for-profit colleges with a strong vocational education focus (CHEA 2015). Finally, the federal government recognizes 17 **specialized accreditors** that cover institutions with only one type of program (e.g., a law or nursing school).[1]

Regardless of accreditor, receiving or renewing accreditation is generally the same. A college begins by conducting a self-study, in which the institution evaluates itself based on the accreditor's criteria and writes a report. Peer reviewers (usually faculty members and administrators from other accredited colleges) then visit the campus to gather additional information before the accreditor issues its judgment. These judgments include unconditional reaccreditation for up to 10 years, shorter periods of reaccreditation, sanctions or warnings that continue accreditation but require the college to fix issues in a short time, and denial or termination of accreditation.[2]

Accreditors typically judge a college based on five broad standards.

- The college's mission must be appropriate for the accreditor.

- The college must have adequate governance structures and an independent governing board.

- The college must demonstrate financial health—the ability to continue operating throughout the accreditation cycle. This is the most common reason colleges are at risk of losing recognition (GAO 2014).

- The college must have sufficient academic resources, including faculty members, facilities, and library resources.

- Finally, the federal government began requiring in the 1980s that accreditors use student learning outcomes as a standard. But because explicit standards were not set, the implications of this change are unclear (Ewell 2010). For example, regional accreditor Middle States requires

institutions to define the goals for each educational program and offer appropriate assessments—a fairly broad requirement (MSCHE 2014).

The federal role in monitoring accreditation has typically focused on technical compliance with the above standards. But under the Obama administration, NACIQI promoted a more active role for the federal government. It recommended that federal reviews focus more on institutional quality than technical compliance—a controversial recommendation in the higher education community (Phillips 2015). The Trump administration must determine whether it prefers a more active or hands-off role in the accreditation review process.

Common Critiques of Accreditation—and How to Address Them

The accreditation system is criticized by colleges, politicians, and members of the public over its perceived shortcomings.

Critique 1: "Backscratching" in the accreditation system lowers accreditors' standards. One common critique of the accreditation system is that the peer evaluation process creates an atmosphere in which reviewers allow a college to pass an accreditation review in exchange for the same courtesy being extended to their institutions. Eighty percent of commissioners of the primary regional accrediting agencies and 62 percent of commissioners of national agencies are employed by a college accredited by that same agency (Cooper 2016). This creates concerns of regulatory capture, in which regulating agencies have an incentive to act in the interest of the organizations they are trying to regulate instead of the general public (Laffont and Tirole 1991). Three Senate Democrats introduced legislation to ban commissioners who come from member colleges in 2016, but it did not receive serious consideration.[3]

Potential solution: Limit the number of commissioners and reviewers from colleges that are accredited by the same agency. This could be accomplished by requiring that a majority of commissioners are not currently employed by member institutions, by using either retired people or people working for institutions accredited by other agencies to do the reviewing. This would allow experts in higher education to review institutions, but reduce or eliminate the incentive to provide a favorable review. This solution would probably mean commissioners and reviewers would need to be fairly compensated for their time, which may be a challenge given the limited resources of most accrediting bodies (Flores 2017).

Critique 2: The regional accreditation system is a "cartel," limiting innovation at existing institutions. A college can only use the regional accreditor that serves its area. This has led to critiques that the absence of competition leads accreditors to set standards that are lower than desirable to allow most colleges to receive federal financial aid. Several proposals, particularly from conservatives, would break up the cartels and allow accreditors to compete for colleges across the country with the logic that the free market would result in some accrediting bodies raising their standards to become more prestigious, thus improving academic quality (Gillen, Bennett, and Vedder 2010; Senate HELP, n.d.). Even the American Council on Education (which represents nonprofit higher education institutions) stated that

"the current regional basis of accreditation is probably not the way America would structure the system if starting from scratch" (ACE 2012, 18).

Potential solution: Competition in the accreditation marketplace does exist in other areas of American higher education. For example, there are two main accreditors for business schools, one of which focuses on research-oriented universities and the other on teaching-oriented colleges. Business schools can choose which accreditor best fits their mission and goals instead of having one choice based on geography. But a sudden opening of the system also runs the risk of many colleges being left without an accreditor if some agencies collapse because of a lack of membership. The solution may be to gradually open up the regional accreditation system to competition, whether it be from current institutional accreditors or new entrants that can demonstrate the capacity to sufficiently judge institutional quality. Limiting the number of institutions that can change regional accreditation each year (perhaps by accepting a set number of applications from institutions with a clear rationale for changing accreditors) would allow time for a robust marketplace to develop, while streamlining the process for new accreditors to be recognized on a limited basis could encourage the development of new accreditors. But whether an accrediting marketplace develops for lower-quality institutions (or whether accrediting agencies focused on these colleges is a good thing) is unclear.

Critique 3: Current accreditors are not suited to handle noninstitutional educational providers. A growing number of companies are teaching individual courses without becoming full-fledged colleges with degree or certificate offerings. Students can now take individual courses through companies such as StraighterLine, edX, or Coursera, but students cannot receive federal financial aid for these classes because of the providers' lack of accreditation and can only receive academic credit when these providers partner with colleges on an ad hoc basis. The US Department of Education made a few exceptions in 2016 through its experimental sites powers, allowing eight partnerships of traditional colleges and nontraditional providers to potentially receive federal financial aid.[4]

Potential solution: Senators Marco Rubio (R-FL) and Michael Bennet (D-CO) have introduced legislation that would allow nontraditional providers to receive federal aid on a contract basis from the Department of Education for a limited time, allowing for some flexibility within the current accreditation system.[5] This would require some flexibility in examining financial stability and student learning, but would likely be manageable if a small number of providers seek accreditation in the next several years. Another possibility would be to have *all* accreditation for all institutions take place at the course or program level, but that is likely beyond the ability of the accreditation system for the foreseeable future because of the high price tag of such a change.

Critique 4: Accreditation is too focused on financial metrics and not sufficiently focused on student learning. Much of the interest in accreditation reform among lawmakers can be traced to a Government Accountability Office report that showed colleges were far more likely to lose accreditation for financial reasons than academic reasons and a *Wall Street Journal* article highlighting 11 regionally accredited four-year colleges with graduation rates below 10 percent.[6] Three Democratic senators introduced a bill setting minimum academic performance thresholds to receive federal financial aid.[7] Regional accreditors responded in 2016 by announcing that four-year colleges with graduation rates below 25

percent and two-year colleges with graduation rates below 15 percent would receive heightened scrutiny (without setting a bright-line standard for maintaining accreditation).[8]

Potential solution: The accreditation system should relinquish the responsibility of evaluating a college's financial health to another agency. This could be done by having the federal government evaluate financial health (perhaps through a modernized financial responsibility score calculation) or requiring colleges to use a third-party auditing agency to certify their financial stability to continue operating or in case of a proposed program expansion that requires additional resources. This would free accreditors to focus on academic quality, where colleges could be required to meet bright-line minimum quality standards (e.g., a 25 percent graduation rate and more students repaying than defaulting on student loans) or be making progress toward the minimum quality thresholds while operating under heightened scrutiny and a performance improvement plan. But these standards could result in some open-access colleges losing accreditation, potentially resulting in "education deserts" with no colleges or accreditors facing lawsuits from aggrieved colleges trying to keep their accreditation.

Critique 5: The accreditation process is too burdensome, particularly for high-quality institutions. Because accreditation is designed to be a thorough review of a college or university, it comes at a high price tag for institutions of higher education. One survey of regionally accredited four-year colleges estimated that the average accreditation cycle cost colleges an average of $100,000 to $150,000 in direct expenses and between $200,000 and $300,000 in indirect expenses such as the time spent doing reviews.[9] A high-profile Vanderbilt University study of 13 colleges estimated that regional accreditation costs four-year colleges $3 billion a year, and programmatic accreditation costs another $3 billion (Vanderbilt University 2015). This price has led selective public and private colleges to call for streamlined accreditation reviews.[10]

Potential solution: Colleges with track records of meeting the accreditation body's criteria could be subjected to less frequent or less in-depth reviews in certain areas, particularly regarding finances or academic resources. This would allow accreditors to target their time and energy on colleges where the ability to provide a quality education is a concern. But the independence of institutional governance and student learning outcomes probably should not receive expedited reviews, as recent events at the University of North Carolina at Chapel Hill and the University of Louisville have made clear. If policymakers wish to allow certain institutions to have longer periods between accreditation reviews, there should be provisions in place to randomly visit a small percentage of these colleges each year to check for issues or to allow for an additional site visit if the accreditor receives credible complaints about an institution's processes.

Conclusion

In spite of the polarized political climate in Washington, higher education has traditionally been an area in which Democrats and Republicans have been able to work together. Accreditation reform is a space where there is room for bipartisan legislation, as evidenced by the Rubio-Bennet bill on allowing nontraditional educational providers to receive accreditation on a case-by-case basis. Members of both

parties appear to be interested in making changes to the current system, and the overdue reauthorization of the Higher Education Act provides an opportunity for sizable changes to the relationship between the Department of Education and accreditors.

The overarching concern with accreditation is that accreditation agencies cannot do a sufficient job of assuring educational quality, thus letting substandard institutions receive access to federal financial aid. Accreditors are in an awkward position, in which they are trying to improve the educational quality of their member institutions while helping them remain eligible to receive the lifeblood of federal financial aid dollars. Allowing accreditors to focus on academic quality while the federal government focuses on financial viability could help accreditors direct their attention on a smaller number of institutions that have the necessary resources to make improvements to their academics. Accreditors also need some protection from lawsuits filed by colleges that do not receive accreditation to be able to make the difficult decision that may result in a college closing. A more flexible accreditation system with regard to colleges trying new models or noncollege educational providers could improve American higher education, but can only reach its full potential after the above two concerns have been addressed.

Notes

1. "Accreditation in the United States," US Department of Education, last updated July 10, 2017, https://www2.ed.gov/admins/finaid/accred/accreditation_pg9.html#TitleIVRecognition.

2. Council of Regional Accrediting Commissions, "Regional Accreditors Announce Efforts to Improve Public Understanding of Commission Actions," press release, April 9, 2014, http://www.msche.org/documents/CRACCommonTermsRelease.pdf.

3. Andrew Kreighbaum, "Warren, Other Democrats Take Aim at Accreditors," *Quick Takes* (blog), *Inside Higher Ed*, September 23, 2016, https://www.insidehighered.com/quicktakes/2016/09/23/warren-other-democrats-take-aim-accreditors.

4. US Department of Education, "Fact Sheet: ED Launches Initiative for Low-Income Students to Access New Generation of Higher Education Providers," press release, August 16, 2016, https://www.ed.gov/news/press-releases/fact-sheet-ed-launches-initiative-low-income-students-access-new-generation-higher-education-providers.

5. Paul Fain, "Rubio Introduces Accreditation Bill," *Quick Takes* (blog), *Inside Higher Ed*, March 15, 2017, https://www.insidehighered.com/quicktakes/2017/03/15/rubio-reintroduces-accreditation-bill.

6. See GAO (2014) and Andrea Fuller and Douglas Belkin, "The Watchdogs of College Education Rarely Bite," *Wall Street Journal*, June 17, 2015, https://www.wsj.com/articles/the-watchdogs-of-college-education-rarely-bite-1434594602.

7. Andrew Kreighbaum, "Warren, Other Democrats Take Aim at Accreditors," *Quick Takes* (blog), *Inside Higher Ed*, September 23, 2016, https://www.insidehighered.com/quicktakes/2016/09/23/warren-other-democrats-take-aim-accreditors.

8. Andrew Kreighbaum, "Tougher Scrutiny for Colleges with Low Graduation Rates," *Inside Higher Ed*, September 21, 2016, https://www.insidehighered.com/news/2016/09/21/regional-accreditors-refocus-institutions-low-grad-rates.

9. P. J. Woolston, "The Costs of Institutional Accreditation: A Study of Direct and Indirect Costs" (PhD dissertation, University of Southern California, 2012).

10. Molly Corbett Broad, Peter McPherson, and Hunter Rawlings, letter to Arne Duncan, December 4, 2015, https://www.aau.edu/sites/default/files/AAU%20Files/Key%20Issues/Accreditation%20%26%20Accountability/12042015ACEAPLUAAU-Letter-Accreditation.pdf.

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