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THE TRIAD: PROMOTING A SYSTEM OF SHARED RESPONSIBILITY. ISSUES FOR REAUTHORIZATION OF THE HIGHER EDUCATION ACT

HEARING

OF THE

COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS

UNITED STATES SENATE

ONE HUNDRED THIRTEENTH CONGRESS

FIRST SESSION

ON

EXAMINING PROMOTING A SYSTEM OF SHARED RESPONSIBILITY, FOCUSING ON ISSUES FOR REAUTHORIZATION OF THE HIGHER EDUCATION ACT

SEPTEMBER 19, 2013

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THE TRIAD: PROMOTING A SYSTEM OF SHARED RESPONSIBILITY. ISSUES FOR REAUTHORIZATION OF THE HIGHER EDUCATION ACT

THURSDAY, SEPTEMBER 19, 2013

U.S. SENATE,
COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS,
Washington, DC.

The committee met, pursuant to notice, at 10:10 a.m. in room SD–430, Dirksen Senate Office Building, Hon. Tom Harkin, chairman of the committee, presiding.

Present: Senators Harkin, Hagan, Franken, Bennet, Whitehouse, Baldwin, Murphy, Warren, Alexander, and Scott.

OPENING STATEMENT OF SENATOR HARKIN

The CHAIRMAN. The Senate Committee on Health, Education, Labor, and Pensions will come to order.

Again, my apologies to everyone for being late; it is my fault. There just seems to be a lot of things happening around here that interfere with our schedules.

Today's hearing marks the kickoff of the reauthorization process of the Higher Education Act here in the Senate. In consultation with Senator Alexander and his staff, our staff will work together to arrange and set up a series of 12 hearings, over the coming months, to analyze the many aspects of our higher education system and how it can be improved.

These hearings will range from a more in-depth analysis of what we are all here to discuss today—the role States, accreditors, and the Federal Government play in our higher education system—to examining ways to increase the quality of higher education without sacrificing access for students.

We will have hearings on innovative approaches to improving students' success, improving and streamlining the student financial aid process, as well as looking at our teacher preparation programs and examining whether they are producing the teaching force we need for the many reforms already underway in the K through 12 education system.

As the committee's focus on college affordability, and the debate surrounding interest rates on student loans over the past 2 years have shown, there is a strong interest in taking a close look at postsecondary education. We have a great deal to discuss.

The Higher Education Act, as we know, was first passed in 1965 and,

> "To strengthen the educational resources of our colleges and universities, and to provide financial assistance for students in postsecondary and higher education."

Forty-eight years and nine reauthorizations later, the landscape of higher education has changed, but that focus has stayed constant.

We will now take a fresh eye to the laws on the books in light of new challenges that need to be addressed including rising college costs, meeting the needs of an increasingly diverse and nontraditional student body, exploring changes in the delivery of coursework and, of course, assuring quality overall.

As we approach this reauthorization of the Higher Education Act, it is with the knowledge that many believe the United States has a world-class higher education system. Yet, many low-income and middle-class families across the country question whether this higher education system is really working for them. What has historically been the pathway to the middle class is now being called into question. We all need to take a tough look at re-imaging how this system can work better.

Today, as we start this series, we will examine a core issue of higher education, the triad: the term used to describe the Federal system of oversight and accountability in higher education. As our witnesses will note in their testimonies, this system and the roles of its key players—the States, the accrediting agencies, and the Federal Government—have been pieced together over the decades. Each player has been tasked to perform certain duties when recognizing an institution of higher education's eligibility to enroll students receiving Federal financial aid.

Historically, accrediting agencies have been tasked with providing educational quality assurance, States have been tasked with consumer protection, and the Federal Government with oversight of compliance. In many ways, this interplay is what has separated our system from the rest of the world.

This hearing gives us a much-needed opportunity to take a step back, re-examine the system as a whole, and determine whether it is up to the task of overseeing higher education, both today and tomorrow. I have raised serious concerns in past committee hearings about the ability of the triad to effectively monitor a rapidly changing higher education landscape.

In recent years, we have seen countless examples of students and taxpayers shouldering the burden and consequences of poor oversight. As gatekeepers of tax dollars, we have a responsibility—and when I say "we," I mean States, accreditors, and the Federal Government—to ensure that the Federal investment in higher education is sound. The triad was developed to perform that responsibility and that is its sole function.

We will have future hearings on each piece of this triad, but today, we examine its overall function. Does each leg understand its responsibility to the other two? Does each leg have the capacity to perform the task it has been given? Perhaps the most important question of all is: where does the buck stop?

It has not gone unnoticed that in a triangular structure, each player has the ability to point their finger at someone else, but this

is an outcome we cannot accept. It is not the time to defend the status quo. So, we are not asking these questions in a vacuum.

Over the past two decades, we have seen policy decisions that have both strengthened and weakened the system's ability to effectively oversee taxpayers' dollars. I think many would agree that if we wipe the slate clean today and drew up a new system from scratch, maybe the triad would not be what we would create, yet, it is the system that we have. I hope today we can take a pragmatic look at it, and delineate what is strong and what is weak. I look forward to today's overall examination of the triad, its context within history, and whether or not it is the system that will take us into this new century.

In closing, I will just say it is my hope this committee will produce a Higher Education Act bill, probably not this year, but in the early part of 2014. I certainly look forward to continuing to work on a bipartisan basis with our distinguished Ranking Member, Senator Alexander, of course, who has a very long and distinguished history of working on higher education issues. We are going to work together on this and dig into this in all aspects of it. But, today we will take just an overall look at this triad and how it is working.

With that, I will invite Senator Alexander to give his opening remarks.

OPENING STATEMENT OF SENATOR ALEXANDER

Senator ALEXANDER. Thanks, Mr. Chairman.

Before we begin, I do not know if it is appropriate to ask to put a photograph in the record, but if it is, I ask to put it in the record this photograph which demonstrates that our chairman may be retiring in a year or so or two, but he has not lost his agility.

Here he is hula-hooping on top of a giant Chutes and Ladders game board on the east front of the Capitol. I ask permission to put just the picture in the record.

The CHAIRMAN. I object.

[Laughter.]

Senator ALEXANDER. I am impressed. It looked pretty good to me.

And second, I thank Senator Harkin for having this series of hearings, and I want all to know, I intend to work closely with him in a bipartisan way to get a result. This is important to families, students, the future of our country. We have a good committee here. We ought to be able to do a good job on this, and I thank him for doing it, and I look forward to it.

I would ask to put my entire statement in the record, if I may, Mr. Chairman, but I have asked him for permission to go 1 or 2 minutes beyond the 5 minutes I usually do just because of the importance of this series of hearing that he has called.

The American higher education system of today is like the American automobile industry of the 1970s. First, it offers a remarkable number of choices of the best products in the world at a reasonable cost. Second, it is not doing much about challenges that will require major adjustments if 20 years from now, it wants to be able to make the same claim.

The United States does not just have some of the best universities in the world; it has almost all of them. One respected Chi-

nese university ranked 36 American universities among the top 50; 8 among the top 10. Our research universities along with our national laboratories have been our secret weapon. They have been the key to developing competitive advantages that help our country produce nearly 25 percent of all the world's wealth.

There are 6,000 higher education institutions in our country. Students may choose from Harvard or Nashville's Auto-Diesel College, Yeshiva or Notre Dame, the University of Phoenix or the University of Maryland, Columbia State Community College in Tennessee to Morehouse College. There are plenty of choices that almost any student can afford.

Three out of four students attend public institutions where the average tuition and fees are $8,600 for 4 years and $3,100 for 2 years. Taxpayers heavily subsidize these opportunities. Nationally, States pay more than half of the cost of a public college education, and half of students have a Federal grant or loan to help pay for college.

To use an example, at the University of Tennessee Knoxville, tuition and fees are $11,000 for new students because the State subsidizes the school. Any student with a "B" average may receive up to $6,000 in a State HOPE scholarship. In addition, a low-income student may receive up to $5,600 more in Pell Grants. If more money is needed, the institution may provide its own scholarship, and there is a Federal loan available at 3.86 percent for all undergraduate students with interest paid by taxpayers for low-income students until the student graduates.

If things are so good, why did Senator Harkin call these hearings? David Halberstam's book, "The Reckoning," written in 1986 about the American automobile industry helps provide the answer. In the 1970s, according to Halberstam, the Big Three and the United Auto Workers became noncompetitive and sluggish. Halberstam called it an oligopoly. They agreed among themselves to make big, profitable cars while Europeans and Japanese were perfecting smaller, efficient cars. This eventually brought the American auto industry to its knees and for a time, jobs went overseas.

When I became president of the University of Tennessee in 1988, I asked David Gardner, the president of the University of California, why his campuses were among the best. He said,

> "First, autonomy. The California legislature, basically created four branches of Government and one of them was a university, gave us a lot of freedom to be as good as we could be. Second, competition and choice. California scholarships and Federal grants and loans followed students to the campuses of their choice. Third, a commitment to excellence by the faculty from the beginning."

I hope you will notice that Dr. Gardner's formula for success had nothing to do with orders from Washington or even from Sacramento.

As we create an environment to help our 6,000 campuses to continue to provide the best choices in the world at a reasonable cost, I will insist that we remember his advice: autonomy, competition, choice, and excellence.

We should focus on real problems, not imagined or politicized problems. For example, student loans are a problem, but 70 percent of Federal student loan borrowers have less than $25,000 in debt; 40 percent have less than $10,000 in debt for a degree that the College Board says will earn you $1 million more during your lifetime; that ought not to be a problem. What may be the problem is that certain students are borrowing more than they can ever afford to pay back and Federal laws do not allow colleges to say no to them. In other words, we in Washington are, at least, part of the problem.

Per capita State aid to public education has dropped sharply, but most of that problem is not in the States. Again, it is mostly us. Washington's Medicaid mandates are soaking up the money Governors would like to spend on higher education which, in turn, keep tuition down. In the 1980s, Medicaid spending was 8 percent of the State budget in Tennessee; today, it is 26.

We should be careful to resist the strange affliction that leads us to think Washington knows best. In fact, Dr. Gardner's formula for success is based upon the fact that in higher education, at least, Washington has done a pretty good job of keeping in mind it does not know best. As a result, we do not tell Harvard and Nashville Auto-Diesel College what its curriculum ought to be or what it should pay its faculty, what its tuition should be, or exactly what its researchers should study.

Ever since the days of the GI bill in 1944, billions of dollars in grants and loans have followed students to the institutions of their choice, creating a true marketplace in which competition breeds excellence.

As we move through these hearings, I would suggest we keep this in mind as we look for solutions: no price controls for tuition. No mandates about how to cut college cost. No prescriptive Washington definitions of "quality." No Washington micromanagement of research priorities. Just because the President says the University of Tennessee is doing a good job at encouraging students to graduate in 4 years does not mean we should require all 6,000 institutions to do it exactly the same way. It means allowing campus boards to grapple with online universities and tuition levels rather than imposing more rules from here.

The American automobile industry was fat and happy, and very reluctant to change until competition brought it to its knees. American higher education will be harder to change. Most of the oldest surviving institutions in the world are universities, but one of the greatest obstacles to innovation is us, the Federal Government.

I voted against the Higher Education Act in 2008 because it would have added a stack of regulations as high as I am tall, and there was already one that tall. This stack of regulations is not the result of evildoers. It is simply the piling up of well-intentioned ideas and regulations imposed without taking time to weed the garden first.

I have asked my staff to consider drafting a new Higher Education Act hopefully working with democratic members from scratch. Start all over, include everything that ought to be included, consider new regulations that ought to be written, not an

ideological exercise; just a way to allow campuses to spend their money on students instead of regulations.

Our goal should be to address how the Federal Government should create an environment in which 20 years from now, 6,000 American colleges and universities can still offer the best higher education choices at a reasonable cost. As with the auto industry, there are clear signs of trouble.

We are no longer leading the world in postsecondary completions. Fewer of our brightest international students are staying here after they graduate. Governors tell us that their biggest problem is a properly trained workforce. Colleges and universities continue to shutdown for the summer, leaving their buildings basically unused. There is a disturbing political correctness in the name of diversity in some places. The president of Stanford says that 7 cents of every dollar he spends go for regulation.

The stakes are high. Just as the auto industry's decline sent jobs and profits overseas, a similar failure in U.S. higher education would damage our economy and send the best minds overseas. In a highly competitive world, there is no guarantee that we will continue to produce 25 percent of the world's wealth.

The best way to avoid that fate, as we proceed through these hearings, is to keep in mind Dr. Gardner's words: autonomy, competition, choice, excellence—and I would add one more word—deregulation.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Alexander.

We have a wonderful panel here to start off our series of hearings. I will introduce this panel.

Our first witness is Dr. Paul Lingenfelter, and I will yield to Senator Bennet for purposes of introduction.

STATEMENT OF SENATOR BENNET

Senator BENNET. Thank you, Mr. Chairman.

We are fortunate, today, to have two witnesses from Boulder. I will introduce one and the chairman is going to introduce the other.

Before I offer my introduction, I want to take a moment to recognize the flood situation in Colorado which affected the area that these witnesses have come from, and I appreciate very much their managing to get here. Their dedication is a testament to the importance of this issue and to the great work going on in Colorado.

With that, it is my great honor to introduce Dr. Paul Lingenfelter to the committee. Dr. Lingenfelter has served as the chief executive officer and president of the association of State Higher Education Executive Officers in Boulder, CO from 2000 until this week. Founded in 1954, SHEEO advocates for State policy leadership and serves as an important liaison between States and the Federal Government for higher education. SHEEO also provides information and analysis on educational and public policy issues.

During his time at SHEEO, Dr. Lingenfelter worked to increase successful participation in higher education, to increase accountability for improved learning, to increase the financing of higher education, and to build more effective relationships between K–12 and postsecondary educators in order to improve student success. He also spearheaded the organization of the National Commission

on Accountability in Higher Education, created an annual study on the state of higher education finance, and expanded collaboration with the Council of Chief State School Officers.

We welcome Dr. Lingenfelter, Dr. Hill as well, and we are very glad that you are here.

Thank you, Mr. Chairman.

[The prepared statement of Senator Bennet follows:]

PREPARED STATEMENT OF SENATOR BENNET

Mr. Chairman, Ranking Member Alexander, thank you for holding this hearing and for beginning the process to reauthorize the Higher Education Act.

Today, we live in a global economy where a college degree has increasingly become a prerequisite for success.

During the height of the recession, the worst that the unemployment rate ever got for people with a 4-year college degree was 4 percent.

The country's future competiveness and the strength of our economy depend upon the skills and education of the next generation.

Over the last century, our higher education institutions have made America a world leader in discoveries, in advancement, and in economic prosperity.

But America is falling behind the rest of the world in the percentage of our population with a college degree. In 1995, America ranked 2d in the percentage of 25- to 34-year-olds with postsecondary degrees. Now we're ranked 12th.

College must be made more affordable.

Tuition costs are rising, while median family incomes are falling.

We cannot rest until higher education is within reach for all students who want to go to college—regardless of their position on the economic ladder.

Students should not have to leverage their futures with mountains of debt in order to pursue the American dream.

We also need to do more to support students when they are in school. Among public institutions in Colorado, less than 30 percent of students who began school in 2004 graduated in 4 years and less than 60 percent graduated in 6 years. This is unacceptable.

The incentive structures in our higher education system are broken. Institutions do not have the incentive to improve quality or lower costs and that means that students often lose.

The goal of HEA reauthorization must be to design a system of higher education that is focused, above all else, on ensuring student success.

We need a wholesale conversation about every factor that touches on affordability: tuition rates, loans, grants, and tax incentives, to name a few.

We need to increase transparency and change the incentive structures so that institutions are encouraged to keep costs low, increase quality and provide students with an education that will allow them to succeed in the 21st century.

We also need to provide students with the information they need to make smart decisions and encourage and support them to reach completion of programs, certificates, and degrees.

We must think outside of the box.

Students now have the opportunity to engage in educational experiences involving technology and distance learning that our generation could not have imagined.

We should create more space for innovation and alternative programs, giving schools the ability to try new approaches while ensuring colleges equip students with the skills needed for the new economy.

Fixing our system of higher education will be hard work. It will require a commitment to engage in hours of discussion and to find shared ground for improvement. Our students deserve it.

I look forward to working with my colleagues on both sides of the aisle to improve and reauthorize the Higher Education Act.

The CHAIRMAN. Thank you, Senator Bennet.

Next is Dr. Terry Hartle, senior vice president of the American Council on Education, which represents more than 1,800 member institutions. He directs the Council's efforts to engage Federal policymakers on issues including student aid, government regulation, scientific research, and tax policy.

I just might want to add, also, that prior to joining the Council, Dr. Hartle served for 6 years as the staff director of this Senate Committee on Labor and Human Resources, which was then chaired by Senator Kennedy, and I was a freshman member. I sat clear down there at that time.

Our next witness, Dr. Susan Phillips, serves as a provost and vice president for Academic Affairs for the University at Albany in New York. Dr. Phillips serves on the National Advisory Council for Institutional Quality and Integrity where she chaired the Higher Education Authorization subcommittee, and helped develop recommendations to the Secretary of Education on institutional accreditation and quality assurance. She previously led the American Psychological Association Committee on Accreditation, and was appointed by the New York State Board of Regents to their Policy Advisory Group, the Professional Standards and Practices Board for Teaching.

Next is Dr. Marshall Hill. Dr. Hill is the executive director for the National Council for State Authorization Reciprocity Agreements, which provides a voluntary regional approach to State oversight of postsecondary distance education. Prior to assuming this role, he served 8 years as the executive director of Nebraska's Coordinating Commission for Postsecondary Education and as assistant commissioner for Universities and Health Related Institutions at the Texas Higher Education Coordination Board.

In October of last year, he began a year of service as the chair of the executive committee of the State Higher Education Executive Officers Association, SHEEO. Before that, he was a faculty member for 17 years at universities in Utah, Iowa, and Mississippi.

We have a distinguished panel, and we welcome you. Thank you for being here, and for your service. Your statements will all be made a part of the record in their entirety.

I will start with Dr. Lingenfelter. Take 5 to 7 minutes, we will move down the panel, and then we will open it up for a general discussion.

Dr. Lingenfelter, welcome and please proceed.

STATEMENT OF PAUL E. LINGENFELTER, Ph.D., FORMER PRESIDENT, STATE HIGHER EDUCATION EXECUTIVE OFFICERS ASSOCIATION, BOULDER, CO

Mr. LINGENFELTER. Thank you very much, Mr. Chairman, and members of the committee.

Senator Bennet, thank you for your introduction. I want to mention that your family friend and member of my staff, Charlie Lenth, was marooned in the mountains for a couple of days, but he is down, and he is safe now, and back to work.

I will be very brief on the history of the triad. I was asked to comment on the history of the triad and its current effectiveness, and then get into some specific recommendations for each member.

The States are the senior member of the triad. The States got involved in higher education when Massachusetts chartered Harvard in 1650, and today, 98 percent of the colleges and universities in the United States have the authority to give a degree because of power granted by the States. The remaining 2 percent are a few authorized by Congress, mostly military academies, and a few authorized by sovereign Indian tribes.

Accrediting institutions or accrediting associations began to be formed in the late 19th century initially to distinguish colleges from secondary schools, and they grew to cover the country in regional accreditation by 1923.

The Federal Government's first role in the triad was the passage of the Morrow Act, I think one of the great achievements of the Lincoln Administration along with the Homestead Act and the Intercontinental Railroad Act.

The Federal role, though, then expanded dramatically after World War II, and at that point in time is where the triad began to function because in 1952, after the Korean War, Congress asked the Commissioner of Education to recognize accrediting associations to validate the participation of veterans for veterans' benefits. At that time, there were 22 accrediting associations. Congress relied further on accreditation through the National Defense and Education Act, and the Higher Education Act, and today, we have well over 50 accrediting associations, I think really fed by the interest in Congress in using that mechanism.

I am going to focus now on some specific recommendations for each member of the triad. The States, I believe, need to develop more effective means of consumer protection and complaint resolution as the court of last resort. The State activity has been focused on institutions; I think States need to focus more on students.

The States need to avoid duplicating the function of accreditors in reviewing and assuring fundamental academic quality. Sometimes that is difficult to do because the States are the first authorizing entity and accreditors will not accredit an institution until they have a track record, so they have to start someplace. Some State regulations really duplicate the function of accreditation, and that needs to be reduced. It is unnecessary duplication.

Third, the States should reduce and eliminate the variability among them in the effectiveness of their oversight. Some States are pretty responsible and have real capacity to do this work well; others have not developed that capacity, and I think changes in the

higher education environment require the States to exercise their limited role with more energy.

The States need to resist pressures to use their regulatory powers to diminish productive competition. Sometimes existing institutions would prefer nobody else invades their turf. That is not a good idea.

Finally, the States should enter into interstate reciprocity agreements to avoid duplication among the States for institutions that are operating in more than one State.

Accreditors need to achieve greater transparency by being more forthcoming and open in the information they share with members of the triad. I think they need some degree of immunity from liability as they exercise their role properly, and that is something the Federal Government should consider.

Most importantly, though, I think accreditors need to agree on coherent, meaningful, and consistent standards for defining the knowledge and skill that are associated with the various degrees and certificates. The degree qualification profiles have been developed by some academic leaders. Academic leaders in every other country that is competing with us have defined what a degree means and they hold themselves accountable to it. We do not do a very good job of that, and I would like to see the academic community pick that up.

Finally, I think accreditation should focus on title IV eligibility more intensively on student learning and success rates rather than for title IV purposes multiplicity of issues that they now address.

I am going to wrap up in about another minute. I know my time is limited.

I would like to suggest that the Federal Government should consider simplifying standards for recognizing accreditors for purposes of title IV eligibility to focus on whether or not students actually achieve the learning objectives of their degree, and there is some kind of a common framework for that, and the rate at which students succeed. We cannot afford to have low quality degrees nor can we afford to have high failure rates in institutions.

The Federal Government should provide protections to accreditors from legal challenges. And finally, I think the Federal Government should refine and strengthen the tools that it uses in contributing to its role in the triad.

I really think the partnership is important, all three legs are important. They need to work together, but all three can improve. I will stop there.

Thank you very much.

[The prepared statement of Mr. Lingenfelter follows:]

PREPARED STATEMENT OF PAUL E. LINGENFELTER, PH.D.

SUMMARY

HISTORY AND EVOLUTION OF THE TRIAD

The States have played a role in chartering, authorizing, and to some degree overseeing institutions of higher education since the colonization of the Americas. Accrediting associations began to be formed in the late 19th century, initially to distinguish colleges from secondary schools. The Federal Government's first role in higher education was the passage of the Morrill Act in 1862. The Federal role expanded dramatically after World War II with the GI bill, the National Defense in Education Act, and the Higher Education Act. "The triad," a partnership involving the Federal

Government, the States, and accreditors, was formed in order to assure the integrity and cost-effectiveness of these Federal programs to support students enrolled in postsecondary education.

EFFECTIVENESS OF THE TRIAD—WHY CHANGES ARE NEEDED, WHAT COULD BE BETTER, AND HOW?

While the fundamental structure and purpose of the triad is sound, all three partners need to make adjustments in order to meet the growing demand for widespread, high quality postsecondary education and the changing ways instruction may be offered.

The States:

1. Should all develop more effective means of consumer protection and complaint resolution as a court of last resort when institutions fail to resolve such matters.
2. Should avoid duplicating the functions of accreditors in reviewing and assuring fundamental academic quality.
3. Should reduce and eliminate the current variability among States in the effectiveness of their oversight.
4. Should resist pressures to use regulatory powers to diminish productive competition.
5. Should enter into interstate reciprocity agreements to avoid duplicative, ineffective regulation of institutions offering instruction in multiple States.

Accreditors:

1. Should achieve greater transparency, sharing and receiving information pertinent to institutional integrity and effectiveness with other members of the triad, with mechanisms to achieve appropriate confidentiality and the constructive use of information.
2. Agree on coherent, meaningful, and consistent standards for defining the knowledge and skill associated with the various degrees and certificates.
3. Focus Accreditation for title IV eligibility more intensively on student learning and success.

The Federal Government:

1. Consider simplifying standards for recognizing accreditors to focus on student learning and success.
2. Should provide protections for accreditors from legal challenges related to the responsible performance of their role in the triad.
3. Refine and strengthen the tools available to the Federal Government for assessing student success and make them readily available to States and accreditors.

Chairman Harkin, Ranking Member Alexander, and members of the committee, I am Paul Lingenfelter, and I have been CEO/President of the association of State Higher Education Executive Officers (SHEEO), based in Boulder, CO from 2000 until this week. George Pernsteiner, formerly Chancellor of the Oregon University System, has succeeded me at SHEEO effective September 16th. Earlier in my career, beginning in 1968, I was employed by the University of Michigan, the Illinois Board of Higher Education, and the John D. and Catherine T. MacArthur Foundation.

I am honored to have this opportunity to outline the history and evolution of the "triad" of State governments, the Federal Government, and voluntary accreditation and to comment on the effectiveness of the triad's role in the oversight of title IV Federal financial assistance. While I am indebted to all of my employers and colleagues over the years, I represent no one but myself today.

HISTORY AND EVOLUTION OF THE TRIAD

Of the members of the triad, the States have the longest history and role in higher education. Massachusetts chartered Harvard in 1650, and other early colleges were chartered by the colonies, the King of England, or the newly formed State governments after the Revolution. Several of our most distinguished private universities received direct funding from the colonies at their founding.

The continuing role of the States in the triad is based first of all on their role in providing the legal authority to grant an academic degree. Buttressed by a considerable body of case law, Alan L. Contreras asserts that a degree is valid only if properly granted by an entity with legal authority to do so. Legal authority in the United States must come from the Congress, a recognized sovereign Indian tribe, or a State government. (Alan Contreras, "The legal basis for degree-granting author-

ity in the United States," SHEEO: 2009) (*http://www.sheeo.org/sites/default/files/publications/Contreras2009–10-LegalDegreeGranting.pdf*.

Congress has granted degree granting authority to the military academies and a few other institutions, a small number of colleges are chartered by Indian tribes, but the vast majority (more than 98 percent) of U.S. degree-granting institutions are authorized by the States. State authorization comes in three basic forms, public institutions owned or operated by the States or a subdivision of the State, nonpublic institutions given formal State authorization to offer degrees, and schools authorized by a *de facto* delegation of State authority to a religious body through "religious exemption" statutes.

As a practical matter degree authorization decisions generally are made when an institution commences operations in a State. State laws may also require approval for specific programs and for new programs developed over time. Commonly, long established private institutions are exempted from the requirement for State approval of new degree programs.

The States also play a role in consumer protection. They have the power to act in situations involving fraud or misrepresentation, and they may revoke degree granting authority for cause. As part of their role in consumer protection, many States have created procedures to retain academic records for students when an institution goes out of business. They also develop and supervise plans to enable students to complete degree programs whenever an institution becomes incapable of providing instruction.

While the role of the States in higher education has the longest history and remains critically important, the Federal Government has played an enormously significant role in expanding educational opportunity and achievement in the United States. The Morrill Act of 1862 was the first step, providing grants to the States for land grant universities, which expanded both the academic purview and the scope of public higher education. (The Morrill Act was one of three revolutionary actions of Lincoln's Congress to expand opportunity and prosperity by investing in higher education, infrastructure (the Intercontinental Railroad), and economic opportunity (the Homestead Act.))

In the quarter century after World War II, the Federal Government took several significant actions that greatly increased the capacity and contributions of higher education in the United States. First, the Truman Commission articulated a vision for widespread higher educational opportunity, far beyond the imagination of many educators at that time. Then the GI bill made higher education accessible to WWII veterans, enrollments surged, and the knowledge and skill of the U.S. workforce grew dramatically. Congress' post war commitments to research and development, the National Defense Education Act of 1958 (in response to Sputnik) and the Higher Education Act of 1965 (repeatedly reauthorized) have led to a robust partnership between the States and the Federal Government in public support of higher education. Importantly this public support has been supplemented with substantial private and philanthropic commitments.

The primary roles of the States have been four: (1) to provide direct appropriations for institutional operations and student assistance; (2) to invest in capital facilities: (3) to provide operational governance and oversight of public colleges and universities; and (4) to provide consumer protection/degree authorization of non-public institutions. In addition to supporting public higher education, on a smaller scale States have also assisted non-public institutions with student assistance and some direct support. The Federal Government's role has included title IV student grants and loan programs, veterans educational assistance programs, and substantial investments in research and development, especially peer-reviewed R&D.

The third leg of the "triad," higher education accreditation, was created by educators as a means of establishing credible distinctions among different types of institutions (colleges and secondary schools, initially) and identifying those institutions that meet the academic community's standards of quality. The New England Association of Colleges and Secondary Schools was founded in 1885, and by 1923 when the Western Association was founded, the entire Nation was covered by six "regional accreditors." (A nice summary of higher education accreditation prepared by the New America Foundation can be found at: *http://pnpi.newamerica.net/spotlight/higher_education_accreditation*. Other extensive information on accreditation can be found at *www.chea.org*, the site of the Council for Higher Education Accreditation.)

Increasingly accreditors describe their mission as both assuring quality and advancing continuous improvement in higher education. They persuasively argue the merits of professional self-regulation and voluntary participation to meet these needs in the accreditation process.

While States and accreditors were surely aware of each other before WWII, the explicit relationship between accreditors and government was created when the Federal Government began making significant investments in higher education. In the Veterans Readjustment Act of 1952 (the Korean GI bill) the U.S. Commissioner of Education was directed to publish a list of nationally recognized accrediting agencies and associations as a reliable authority on the quality of educational institutions. Subsequently, as we all know, accreditation by a nationally recognized accreditor has become a condition of institutional eligibility for participation in title IV. The Department of Education, advised by the National Advisory Committee on Institutional Quality and Integrity (NACIQI), has the power to recognize or withhold recognition from accreditors.

In some respects the "triad" was created when three relatively independent actors with different powers, commitments, constituencies, roles, and responsibilities found themselves in deeply interdependent relationships. It is unsurprising that these relationships are not always comfortable, and that many people find the current effectiveness of the triad unsatisfactory.

EFFECTIVENESS OF THE TRIAD—WHY CHANGES ARE NEEDED, WHAT COULD BE BETTER, AND HOW?

While I believe the fundamental structure and functions of the triad are sound and indispensable, all of the actors in the triad must make adjustments in order to address new demands and take advantage of new opportunities in higher education. The competitive global economy and advancing educational attainment around the world have raised the stakes for individuals and our country, and the means of generating educational attainment have become increasingly creative and diversified.

In his first address to Congress in February 2009, President Obama said that the Nation's goal must be for every American to complete high school and then obtain some kind of postsecondary education, a degree or certificate. This is not simply the President's goal; it is widely shared across our Nation. The unprecedented enrollment demand for higher education since the turn of the century, proves that the President was simply saying what most people already know.

That said, the needs of our employers and our economy will not be met by more graduates at a lower standard of quality, or even more graduates at the current levels of quality. Employers tell us we need more graduates who have sophisticated technical skills, who can solve complex problems, and who can communicate effectively with a wide range of people. This isn't just a matter of accumulating knowledge; we need more people who both have knowledge and who have the skills to use what they know to become economically self-sufficient and fully productive members of our communities.

It is obvious we cannot have a strong economy without adequate investments in education, but we have no resources to waste. Somehow the Nation must meet a wide range of economic challenges—creating jobs, financing pensions, providing health care (more efficiently), rebuilding infrastructure, national defense, protecting our environment, and more—while we help Americans acquire the knowledge and skills they need to be successful individually and keep our Nation strong. We cannot afford to waste student potential, and we can't afford educational programs that are not cost effective.

These needs are widely recognized, but you will hear different opinions about what members of the triad should do about them. With an open mind and due regard for other perspectives, let me add my thoughts to the conversation.

THE STATES

I'll begin with the States. The States generally have focused on their traditional roles, supporting and governing public colleges and universities and conferring degree-granting authority to non-public institutions. These are the problems with the traditional State roles:

1. These roles are focused on institutions, not students, which means they focus primarily on inputs not the outcomes of higher education;

2. The States which have not developed much capacity for overseeing non-public institutions (often the States served primarily by public institutions) are very attractive sites for non-public institutions seeking to avoid careful oversight;

3. Existing institutions sometimes mobilize their political resources to oppose conferring degree granting authority on potentially competing institutions, whether they are new or existing institutions seeking new programs;

4. State review of institutions in some cases overlaps with the requirements of accreditation in reviewing faculty, curriculum, facilities, etc. This is not entirely avoid-

able, because new institutions need State authority to operate and a track record before they are eligible to apply for accreditation. Nevertheless, unnecessary duplication between State regulation and accreditation is burdensome and wasteful; and

5. When an institution offers instruction in more than one State (an increasingly common practice in distance education), that institution must seek approval in all the States whose laws give them authority over such programs. State rules and procedures differ, and institutions offering instruction in many States bear substantial, and unjustifiable regulatory burdens. In addition, many States are now incapable of adequately regulating all the institutions offering instruction in their territory.

How should the States respond to the demands of changing conditions? I offer the following suggestions:

• First, all States should develop the ability to provide effective student/consumer protections for their citizens enrolled in higher education. Clear standards for institutional practices should be developed, well-publicized, and required for operating authorization and accreditation. Institutional review procedures should be the first recourse for students with complaints, but States should be available as a "court of last resort" when complaints are not resolved at the institutional level. In the hopefully rare cases when substantial numbers of complaints occur and cannot be resolved, the States have the legal powers for taking firm corrective or punitive action appropriate to the circumstances.

• Second, States should not duplicate the academic quality review procedures of accreditors. As I will suggest below, the academic standards of accreditors should be consistent and accreditors should be sufficiently rigorous in upholding them, so that States can confidently defer to voluntary accreditation for assuring the adequacy of academic quality. To make such trust feasible, accreditors and States should regularly share information about institutional performance issues that are legitimate matters for mutual concern.

• Third, the variation among States in their ability to meet their responsibilities in the triad should be reduced and eliminated as far as possible. The triad is not working effectively if it does not work in a reasonably consistent manner in every State and for every accreditor.

• Fourth, States should resist the temptation or political pressure to base regulatory decisions about one institution on the interests of other institutions in reducing competition. Within the public sector (just as within the private sector), it would be irrational not to avoid unnecessary duplication of programs within a single system. But part of the vibrancy, creativity, and effectiveness of American higher education comes from competition among institutions. Public subsidies should not be used wastefully, but excessive regulation or politically motivated regulation will be just as wasteful as the absence of rational regulation and planning.

• Fifth and finally, States should harmonize their practices and create the means for reciprocal authorization when institutions operate in more than one State. The recently developed State Authorization Reciprocity Agreement is such an approach in distance education. The principle of this agreement is simple: To participate in the agreement, a State must establish and implement effective consumer protection and quality assurance mechanisms worthy of the confidence and trust of other States. Institutions whose "home" is in such a State, once authorized by that State, will be automatically authorized to offer instruction in every other participating State. Continuing participation in the Agreement requires satisfactory performance.

ACCREDITING ASSOCIATIONS

The diversity of American higher education is evident in the diversity of our accreditors—regional, national, and specialized, with short and long histories, and with few and many institutional members. Our system works through voluntary peer review and professional self-regulation, and it is difficult to imagine that any approach without these components could provide the essential depth and breadth of expertise that accreditation brings to the work of quality assurance and institutional improvement.

The "owners" of accrediting associations are its institutional members, and these principles have been promulgated as their core values:

• Institutions, not government, should be the primary authority on academic matters and have the primary responsibility for ensuring the quality of academic programs;

• An institution's mission is central to judging the quality of its academic program;

• To maintain and improve academic quality, institutional autonomy is paramount;

• The American system of higher education has grown and thrived due to the decentralization and diversity of the system; and
• Academic freedom thrives under the academic leadership of institutions of higher education.

These values emphasizing institutional autonomy might suggest that institutions and accreditors will normally be on the same page, and concomitantly, that accreditors and government might rarely work well together. The reality, however, is more complex.

Accreditation standards over time have evolved to become, in some cases, quite complex and challenging. Input standards (quality of facilities, quality and quantity of academic faculty and library resources, etc.) initially were examined to establish qualification for accreditation and degree granting authority. Over time additional process standards have been developed, including standards for governance, for self-study related to an accreditation review, and more recently for establishing student learning goals and assessing outcomes.

It is common for institutions to complain about accreditation procedures and standards, especially the breath and complexity of self-study requirements. College and university administrators tell stories of faculty holding them "hostage" to the requirements of specialized accreditors in order to achieve preferential treatment on staffing or facilities. It is evident that accrediting associations have proliferated because some institutions were shopping for, or determined to create a better deal.

While accreditors frequently worry about governmental intrusion, and I've heard them complain about governmental demands for more transparency, I've not heard many serious proposals from accreditors for de-coupling title IV eligibility from accreditation. The current accreditation industry in the United States would undoubtedly look very different without this linkage.

Rather than spending more time on the many complex issues involved in accreditation, I will focus on just a few issues where I believe accreditation could be a more effective and helpful member of the triad.

1. **Achieve Greater Transparency.** It is frequently asserted that absolute, or near absolute confidentiality of accreditation reports and observations is essential to preserve candor in accreditation reviews. The potential that information might be provided to States or the Federal Government would have a chilling effect on the process, it is claimed. Moreover, accreditors express fear of civil liability if they reveal information that could be damaging to the credibility and financial viability of an institution. These are legitimate concerns, but when taken to an extreme they make the process of quality assurance an empty exercise.

I believe it would be helpful if accreditors could be provided reasonable protection from liability for providing information that is relevant to the public purposes related to title IV eligibility. It might also be helpful if accreditors and governments could agree that information potentially calling into question an institution's viability could, for a reasonable period of time, be held confidential while the institution has an opportunity to take corrective action. I believe such a procedure is used by the Federal Reserve when it identifies issues assessing the strength of financial institutions.

There should be rules of engagement, appropriate confidentially, and fairness, but I don't believe the triad can be effective if the members can only work together in the dark.

2. **Agree on coherent, meaningful standards for the knowledge and skill signified by an academic degree.** The primacy of professional judgment in defining academic quality is beyond question. The primacy of academic judgment does not rule out the potential for agreement on coherent standards. I would neither propose nor favor creating a national Ministry of Education in the United States, but it would be good for the United States if our academic community would do for us, what academics in other countries have done for them—created a framework for degree qualifications which define the knowledge and skills signified by the degree. While these frameworks in other countries have been created with the support and encouragement of governments, they are the work of academic professionals.

In many professional fields accreditors have already defined what a degree holder should know and be able to do. Similar standards of student achievement should be provided as the benchmarks every institution uses in assessing the effectiveness of its academic programs. A good start on such a framework, the Degree Qualifications Profile, has been developed in the United States. It would advance education in the United States if accreditors would come together voluntarily in support of this or a similar set of standards.

3. **Focus title IV accreditation more intensively on student learning and student success.** It is commonly suggested that the institutional mission, seem-

ingly regardless of what it may be, should be the basis for assessing academic quality. I think that premise has some limits.

I was recently contacted by a headhunter looking for a president who,

> "will be ultimately accountable for successfully overseeing a shift away from an enrollment/admissions-centric model to a model focused on student outcomes."

It is evident that the mission of this institution previously has been incidentally student learning, and primarily student recruitment. It seems to me that accreditation for title IV eligibility should be based on institutions accepting the challenge of producing legitimate degrees based on meaningful standards and achieving a reasonable rate of completion among the students it admits.

It is vitally important that the colleges and universities in the United States successfully educate many more first generation students, low-income students, and students who may not have been well prepared in high school. The most valuable institutions will be those who learn how to serve such students well. We have plenty of institutions who can do a good job with very bright, well-prepared students. We cannot afford to serve disadvantaged students poorly. Serving them poorly is both an injustice and a waste of money.

Accreditors sometimes address other issues that go beyond the core issue for title IV: successfully graduating most of its students with the knowledge and skills required for a legitimate degree. Without denying the importance of other issues, I don't believe they should be material in determining title IV eligibility; they should be addressed outside the reciprocal responsibilities of the triad. Successfully graduating students with legitimate degrees should be the foundational standard for title IV eligibility.

Many institutions can easily demonstrate that they meet this core standard; such institutions should not be required to do more for title IV eligibility.

THE FEDERAL GOVERNMENT

The mission of the Federal Government in the triad is not that of accreditors, to assure and advance academic quality, nor is it exactly like that of the States, to provide education and assure consumer protection. The mission of the Federal Government is to work effectively with accreditors and the States to assure the integrity and cost-effectiveness of the Federal programs that assist students enrolled in higher education.

This is not an easy responsibility given the diversity of practices and standards within the States and the accrediting community discussed above. As we work together to address these issues, I can think of ways the Federal Government might help make the partnership more effective.

First, the current Federal standards for accreditation reflect the long history of input standards, process standards, and outcome standards that have accumulated in the field. The most serious problems with the integrity and cost effectiveness of Federal programs in my experience are related to substandard rates of retention and completion, compounded by inadequate learning outcomes. If the community can improve the tools we have to measure these outcomes and our ability to improve performance, perhaps the accreditation process and the rules for Federal recognition could become leaner and more efficient.

Second, the Federal Government has tools and resources for auditing institutional performance and financial stability that exceed the capabilities of the States or accreditors. Perhaps knowledge from these tools can be shared more effectively and routinely.

In addition, the Federal Government has, with some controversy, sought other ways of contributing to the integrity and cost effectiveness of Federal programs. Loan default rates are relevant, enrollment retention and graduation rates are relevant, and employment after graduation is relevant. In order to develop and make effective use of such accountability tools, we need to find a way of dealing with some complicated data and analytical problems. I think these challenges are solvable, and meeting them should be a priority. Stronger partnerships, with the sharing of information available to each partner, could make the triad more effective.

Chairman Harkin and Ranking Member Alexander, members of the committee, this concludes my testimony. Thank you for the invitation and your attention. I'd be pleased to respond to questions or comments.

The CHAIRMAN. Thank you very much, Dr. Lingenfelter.

Dr. Hartle, welcome again, back to your old home place here.

STATEMENT OF TERRY W. HARTLE, Ph.D., SENIOR VICE PRESIDENT, AMERICAN COUNCIL ON EDUCATION, WASHINGTON, DC

Mr. HARTLE. Thank you very much, Senator Harkin.

I am honored to be here, and I can say authoritatively that the view in the room is better from where you sit than anywhere else in the place.

I have been asked to talk about the Federal role in the triad. The Department of Education's primary responsibility in the triad is to ensure that schools have, "The administrative capability and financial responsibility," to participate in Federal student aid programs. I am going to make three observations on this role.

First, a great complexity. This part of the Higher Education Act involves 9 pages of law and untold pages of regulations and subregulatory guidance. Given the length of the statutory language, this complexity is to be expected. The complexity can easily distract attention from what should be the Federal Government's central concern, which is administrative strength and a fiscal capacity.

Second, uneven and inconsistent. Much of the enforcement of this part of the triad is in the hands of the Department's regional offices. The training that these officials receive is often of varying quality and intensity. The large number of things they are responsible for favors general enforcement over more detailed examination. Not surprisingly, schools find that interpretation of specific rules differs across regions. Nor is it clear that the Department has all the technical expertise it needs to adequately address the exceptionally complex issues that may be presented.

Finally, data. This part of the law was largely created in an earlier era and some of its provisions are obsolete. For example, during the economic downturn in the last decade, a number of financially strong private colleges and universities found that they had run afoul of the financial responsibility regulations because a decrease in endowment value was counted as a current operating loss by the Department. Despite this problem, the Department has been reluctant to review the efficacy of these regulations.

This is not to criticize the Department unfairly. The law is complex and the regulations reflect that, but this complexity creates its own set of problems that institutions and the Federal Government struggle with. In any reauthorization, the tendency is to add new requirements to those already in existence. If this happens, I think the problems that I have laid out above will be exacerbated.

To avoid this, I think the committee should request an independent third-party review of the institutional eligibility process to understand how it works now and to assess its strengths and weaknesses. The goal should be to create a common understanding as a basis for moving forward. It should address such things as risk-based modeling, the rigor of new school examination, the staff expertise to protect students and taxpayers, and the regulatory burden placed on institutions.

The Department also has a responsibility with respect to the other parts of the triad, and neither the States nor the accreditors operate independently of the Department.

The State role provisions in the Higher Education Act are actually the shortest part of the entire law at 150 words. The States

are only required to do three things and some States do a very good job of fulfilling their responsibilities. Others are not terribly interested in serving as administrative agents for the Department, and there are no tools for the Federal Government to force them to do so. Efforts by the Department to make these States take a more active role has only sown confusion.

Accreditations, more by accident than design, has become the most heavily relied-upon aspect of the triad. Given the challenges with eligibility and certification in the State role, the natural tendency is to load more and more responsibility onto accreditors. In recent years, the Department has displayed a great willingness to do this.

One accreditor was recently cited by the Department for not having enough faculty members on their review teams. It turns out that the Department, unlike everyone else involved in higher education, does not count department chairs as faculty members. I assure you that every accreditor could offer a similar story, but it underscores a central point that the committee has to address. Are accreditors nongovernmental agencies responsible for assessing quality and providing quality assurance as they have historically been, or are they regulatory extensions of the Department who must perform a limitless number of tasks? As I indicated, they started out as the former, but they are in the process of becoming the latter. Indeed, this might be the single most important issue you will consider as you think about the triad.

I hope the reauthorization will sort out the complex and overlapping requirements. Many of these provisions were put in place at a time when the higher education universe was almost exclusively traditional colleges and universities. That is no longer the case and we will see even more nontraditional institutions in the future. That is good. Innovation is to be welcomed and we should applaud it, but it creates challenges.

Rather than simply add a raft of new requirements, I hope the committee will investigate each part of the triad, examine its strength and weaknesses, and define the primary responsibilities that need to be assigned to each actor. Once you reach an understanding on those points, the most basic matters, you can build outward. It is a tall order, but as the world of higher education changes, it will become increasingly important that we take that step at this time.

[The prepared statement of Mr. Hartle follows:]

PREPARED STATEMENT OF TERRY W. HARTLE, PH.D.

SUMMARY

During the early history of the Higher Education Act (HEA), the triad was largely a paper requirement. But that all changed with the 1992 reauthorization. As defaults skyrocketed, Congress turned greater attention to the triad and decided to strengthen its components dramatically. The history of the last 20 years has been one of continual tweaking of the triad largely in the direction of placing more and more responsibility on accreditors. This has happened because accreditation is the strongest and most viable arm of the triad.

I've been asked to address the Department of Education's role in the triad. Most importantly, the Department is charged with overseeing certification and eligibility for institutions that wish to be eligible to participate in Federal student aid programs. This part of the triad is fairly complex and has only gotten more so in recent years.

Before adding more responsibilities to the Department, the committee should request an external, top-to-bottom review of the institutional eligibility process to better understand this process and how it could be improved. This review should examine the uniformity of practice across the Department's regions, the availability of tools for centralized risk-based modeling, the adequacy of staff training, and the timeliness of department action, among other factors.

While the Department's central role in the triad is to ensure institutional eligibility and certification, each part of the triad is inescapably linked to the other parts. Because the Department is limited in its ability to require States to take an expanded role, it has increasingly turned to accreditors to fill this vacuum. Unfortunately, left unchecked, this trend threatens to make accreditors a regulatory enforcement arm of the Department. In sorting out these relationships, I would summarize my recommendations as follows.

First, the eligibility and certification function of the Department has grown dramatically and resembles a garden where some extensive pruning is necessary. It is important to make certain the Department has the staff it needs to accomplish its responsibilities and that the expectations for institutions are clear, sensible and reasonable. Second, the State role in the triad, although important, is uneven. Third, accreditors have been forced to take on an oversized role with respect to the triad, and the Department of Education has significantly increased its control over them.

The members of this committee know we are witnessing dramatic changes in almost every aspect of postsecondary education. Some of these changes will not last, while others may be transformational. The years ahead will bring even more changes we can't begin to imagine. This means that, like colleges and universities, the triad will continue to evolve over the rest of this decade and beyond. We must ensure it has the capacity to adapt to these new and unpredictable developments as they occur.

Chairman Harkin, Senator Alexander and members of the committee, thank you for inviting me to testify today at this hearing examining the triad. During the early history of the Higher Education Act (HEA), the triad was largely a paper requirement. But that all changed with the 1992 reauthorization. As defaults skyrocketed, Congress turned greater attention to the triad and decided to strengthen its components dramatically. The history of the last 20 years has been one of continual tweaking of the triad largely in the direction of placing more and more responsibility on accreditors. This has happened because accreditation is the strongest and most viable arm of the triad.

DEPARTMENT OF EDUCATION AND THE TRIAD

Today, I've been asked to speak specifically about the Department of Education's role in the triad. The Department is charged with overseeing certification and eligibility for title IV participating institutions. This part of the triad, contained in subpart 3 of title IV, is fairly complex and has only gotten more so in recent years.

Under Section 498 of the Higher Education Act, the Department of Education is required to ensure "the administrative capability and financial responsibility of an institution of higher education" in order to participate in Federal student aid programs. In the simplest terms, the Department must be satisfied that institutions have the administrative and financial systems to guarantee they will be good stewards of taxpayer dollars.

Through program reviews, institutions must provide sufficient information and documentation to satisfy the requirements of eligibility and administrative capabilities. Institutions are subject to a variety of sanctions if they fall out of compliance. The Department has the authority to fine institutions, suspend the availability of title IV aid and even terminate an institution's eligibility overnight if it determines students or taxpayers are at risk.

Despite this incredible range of powers, most are rarely used or are applied unevenly. The most common sanction used by the Department is a fine and these are levied most frequently for non-compliance with reporting requirements, including campus crime (Clery Act) and statistical reporting under the Integrated Postsecondary Education Data System. The Department's authority under section 498A to take action against a college or university resulting in the immediate loss of institutional eligibility is used very rarely.

Institutions must comply with a raft of regulatory requirements under subpart 3 and its related requirements. Many are exceptionally complex and the time and effort burden associated with them can be quite heavy. In addition, the Department often enforces regulations years after the violations allegedly occur. To cite one ex-

ample: As a result of a 1994 investigation, two major universities were accused of violating regulations surrounding "professional judgment." The universities appealed that ruling in 1995. They did not hear a word from the Department until earlier this year when the appeals were denied and fines imposed. Seventeen years. Not surprisingly, these are now known within the higher education community as the "cicada fines."

Institutional compliance with these regulations is generally assessed by program reviews that are largely conducted by regional Department of Education staff. These officials do not always have the experience, tools or skills to handle the huge array of responsibilities they have. One specific concern is the ability of regional staff, trained to review student financial aid, to conduct the complex financial analysis necessary to assess the accounting practices and policies of large, publicly traded institutions.

In addition, since oversight responsibility is divided across the Department's regional offices, we find institutions subject to different interpretations and liabilities as regional staff try to untangle various regulations and subregulatory guidance.

Obviously, the Department's review actions often identify issues that must be addressed by the institutions. In many cases, this information would be of great interest to accreditation agencies. While accreditors are required by law to share information about institutional reviews with the Department, information sharing from the Department to the accreditors is very uneven.

At present, the most controversial aspect of the Department's eligibility and certification activities concerns the financial responsibility provisions in section 498(c). That provision was greatly strengthened after the unannounced closures of several for-profit institutions in the late 1980s left students in the lurch. The current regulations were written in collaboration with the higher education community nearly 20 years ago to guard against precipitous closures of postsecondary institutions. However, the application of the regulations have not kept up with changes in accounting practices and, in some cases, have had unanticipated and undesirable consequences.

The recent economic downturn, for example, has exposed significant shortcomings in administration of the ratios test. In 2010 alone, more than 100 nonprofit colleges unexpectedly failed the test, leaving them subject to department oversight and forcing them to obtain costly letters of credit. For some institutions, this change also triggered additional oversight and demands for letters of credit by State regulators. Institutions that were not at risk of precipitous closure were drained of resources which could have been better spent on student financial aid and other institutional priorities.

As an example, when the market fell in 2008, the endowments of most colleges lost value. However, the methodology used by the Department was inconsistent with generally accepted accounting practices, causing the Department to view the decreases in endowment portfolio value as a current operating loss. A number of schools requested a correction, but the Department refused to reconsider.

It is to be expected that the regulations to implement the subpart 3 requirements are complex and messy—9 pages of statutory language are unlikely to result in clear or simple regulations. The complexity of the regulations is exacerbated by the tendency of the Department to consistently impose the maximum burden on institutions. As the U.S. Government Accountability Office noted in a recent report, the Department of Education rarely discusses these burdens with institutions before they take effect and therefore the Department seriously underestimates the institutional burden. The Department ought to be encouraged to make more of a good faith effort to assess the burdens they are imposing.

Unfortunately, the Department does not seem interested in doing so. In the 2008 reauthorization, Congress, at the suggestion of Senator Alexander, included a provision requiring the Department of Education to compile and publish a "compliance calendar" so institutions would have a single source of information on what regulatory materials are due and by what date. Sadly, the Department of Education has not complied with this requirement.

As I have noted, the requirements of subpart 3 are critically important. They have become exceptionally complex and impose a significant compliance challenge for institutions. The bottom line is that the Department of Education has extraordinary latitude and a wide variety of tools to protect students and taxpayers. However, the Department employs these tools in an inaccurate and uneven manner without opportunity for discussion. In addition, there are areas of significant deficiency which could be addressed by real-time access to data and increased staff training.

But before adding more responsibilities, I think the committee should request an external, top-to-bottom review of the institutional eligibility process to better understand:

• Uniformity of practice in institutional eligibility reviews, administrative capabilities and resulting findings across the Department's regions;
• Availability of the tools necessary to do centralized risk-based modeling;
• Adequacy of staff training with particular attention to the complexities of financial auditing;
• Timeliness in the Department's resolution of outstanding issues resulting from program and other compliance reviews;
• Rigor of new school eligibility practices before approval;
• Administrative and regulatory burden imposed on campuses; and
• Financial responsibility standards to ensure consistency with generally accepted accounting practices.

DEPARTMENT OF EDUCATION'S RELATIONSHIP TO OTHER PARTS OF THE TRIAD

The Department's central role in the triad is to ensure institutional eligibility and certification, and I have suggested some ways that the Department could be refocused to more effectively meet its responsibilities in this area. However, we must remember that each part of the triad is inescapably linked to the other parts. Therefore, I would like to take a moment to discuss the current state of the Department's relationship to the other two parts of the triad: the States and the accreditors.

Ed's Role in Relation to the States

With regard to its role with the States, the Department has tried mightily to get them to take a larger role with respect to approving institutions operating within their borders. States vary greatly in their willingness to perform such a function—some have complicated, multifaceted provisions and others do little more than require institutions to have a business license to be "approved" for purposes of Federal student aid. Ultimately, efforts by the Department in this area have failed, largely because it has very little authority to impose licensure requirements on States or to force them to do more than each State wants to do.

The Department's efforts have also resulted in considerable confusion for institutions in concerning how to ensure their compliance with shifting mandates and unclear guidance. In 2011, the Department significantly expanded its State authorization regulation and tried to put some teeth into State requirements. The new regulation, and the inevitable subregulatory guidance, imposed a complex set of requirements State licensure systems must meet in order to pass Federal muster (e.g., requirements about the type of complaint system, the extent to which accreditation can substitute for licensure process, whether the school is licensed as a charitable entity and so on). Unfortunately, some States simply ignored the new requirements and major confusion, especially for private colleges and universities, has resulted. It is now clear that State laws and administrative practice are highly complex. As questions arose, the Department and regional offices offered an array of different interpretations. In the end, the Department was unable to say which States met the regulatory requirements and has postponed the implementation of the regulations for another year.

Another example of the confusion stemming from this well-intentioned effort is the Department's demand that an institution be authorized in any State where a student is located. In an era of distance education, many institutions have a few students in many, if not all, States.

Many States have seized this opportunity as a revenue generator and the cost to institutions to obtain and maintain certification is very high. For example, a State regulator tried to force Coursera to become authorized in Minnesota in order to offer *free* online courses in the State.

Ed's Role in Relation to Accreditors

In the Department's relationship to accreditors, we see an alarming trend of more and more responsibilities being placed on the shoulders of accreditors.

Under the HEA, the Department, working through the National Advisory Committee on Institutional Quality and Integrity (NACIQI), must "recognize" accrediting agencies as "reliable authorities" on institutional quality. Over time, we have seen the Department use NACIQI as a lever to try to gain greater control over academic quality issues. Currently, accreditors are required to complete an 88-page, highly detailed document before they can be considered for recognition. Even trusted accreditors must demonstrate compliance with that document each time they appear for renewal of recognition.

Accrediting agencies have been regularly given new responsibilities because the Department of Education would like them to perform additional functions. For example, accreditors are now expected to use a Federal definition of credit hour and assess institutional credit hour determinations. Unfortunately, the Department's

definition is not a good one. It is overly focused on the amount of time a student spends in class. In an era when online learning and competency-based education are growing rapidly, a single Federal definition based largely on "seat time" is fatally flawed. Even the Department will now privately admit the definition does not work, yet the regulation remains in place and accreditors are carefully assessing institutional credit hour decisions. This definition has created challenges for many excellent and academically serious institutions that have, over decades, found slightly non-traditional ways to record credits on their transcripts.

Accreditors believe the recognition process has turned into a game of gotcha where interpretations are unpredictable and change frequently. One accreditor was recently told it could not count Department chairs as faculty members on their review teams. This is a curious decision—even the Department's IPEDS definition of faculty makes clear that Department chairs are faculty members. What is worrisome is the willingness of the Department to make such a specific decision. The Department is charged with "recognizing" accreditation agencies—it does not have the authority to treat these agencies as regulatory extensions of the Department.

The imposition of more and more highly detailed requirements on accreditors is dangerous because it distracts them from their central mission. Fundamentally, we want accreditors to ensure that each accredited institution offers a high-quality academic program and find evidence students are learning and receiving degrees of value. I hope reauthorization will provide an opportunity to refocus and rebalance the role of accreditors so that they focus on student learning and educational quality.

CONCLUSION

Because the Department is limited in its ability to require States to take an expanded role, it has increasingly turned to accreditors to fill this vacuum. Unfortunately, left unchecked, this trend threatens to make accreditors a regulatory enforcement arm of the Department.

Sorting out these relationships between the members of the triad is the key to ensuring its effectiveness in the future, and in summary, my recommendations would be as follows:

- First, the eligibility and certification function of the Department has grown dramatically and resembles a garden where some extensive pruning is necessary. It is important to make certain the Department has the staff it needs to accomplish its responsibilities and the expectations for institutions are clear, sensible and reasonable.
- Second, the State role in the triad, although important, is uneven. It may be impossible to define responsibilities that all States will agree to follow so those responsibilities may have to be addressed by other actors.
- Third, accreditors have been forced to take on an oversized role with respect to the triad and the Department of Education has significantly increased its control over them. Both are developments that merit careful review in the coming reauthorization.

The members of this committee all know we are witnessing dramatic changes in almost every aspect of postsecondary education. Some of these changes will not last while others may be transformational. The years ahead will bring even more changes we can't begin to imagine. This means that, like colleges and universities, the triad will continue to evolve over the rest of this decade and beyond. We must ensure it has the capacity to adapt to these new and unpredictable developments as they occur.

The CHAIRMAN. Thank you very much, Dr. Hartle.

Now, we will move to Dr. Phillips. Dr. Phillips, welcome and please proceed.

STATEMENT OF SUSAN D. PHILLIPS, Ph.D., PROVOST AND VICE PRESIDENT FOR ACADEMIC AFFAIRS, UNIVERSITY AT ALBANY, SUNY, ALBANY, NY

Ms. PHILLIPS. Chairman Harkin, Senator Alexander, members of the committee.

Thank you for the invitation to testify today. I have been asked to address the triad, the system of shared responsibility as a whole,

who that is working for, and what improvements might be made with a particular eye to accreditation.

To begin, I want to underscore what you will hear from all of us today, that the assurance of higher education quality has evolved, and continues to evolve, as the interest in higher education quality grow, as the students who enter our colleges change, and as the institutions themselves transform. I would like to use that framework of perennial evolution to offer three points about what works, and three points about what improvements can be made. First, what works.

No. 1, American colleges and universities, the quality assurance that supports them, these are the flagship of higher education across the world. U.S. accreditation is the gold standard for quality assurance that is sought after and emulated across the globe. That is a critical marker of a system that is working and that is meeting the demands of a changing global environment.

No. 2, the tensions in the system are healthy and important to sustain. There are many opportunities for one corner of the triad to pull more dominantly than another, and this creates challenges for the important and legitimate interests reflected in the other corners. That tension is essential lest we lapse into a system of responsibility without integrity, integrity without information, and information without improvement.

No. 3, the actors must and do work together in a process of continuous improvement. The system works for the most part. When there are some significant outliers, which have been the focus of this committee, the system recalibrates itself, adjusts some of its elements, and restores our focus on the shared commitment to quality in higher education and the public good. Today's hearing is a good example of that continuous improvement process.

So, what needs to be improved? Moving forward, this important work, I point to three areas for improvement.

First, the system as a whole needs better communication among the elements about and for our common interests in higher education. Improved communication might well start with clarifying and articulating the roles and responsibilities of each member.

Second, the system as a whole needs better data to guide decisionmaking. The critical issue here is not more data, but rather, better data; data that is of high quality, critical to the enterprise, and not a burden to collect.

Third and finally, each of the actors can, and must, be expected to address the challenges within their own roles and responsibilities, as well as to collaborate with those in other corners toward common goals.

My advice for each corner of the triad is as follows. For accreditation, our system affords diverse institutions the opportunity to be innovative and mission-driven, to engage in ongoing self-study and quality improvement, and to inform and be informed by knowledgeable peers. However, accreditors must keep apace of the evolution of students, and institutions, and models of learning. They need to work to ensure the continued attention to their review processes and the needs of their various publics. They must continue to respond to the shifts in the policy environment, and to the needs and responsibilities of other legs of the triad.

Federal actors concerned with the substantial investment in student financial aid need to be mindful of the potential intrusiveness and burden of their actions, and of the very dampening effect compliance regulation has on nuance, flexibility, and innovation. They must continue to pursue how their interests can be addressed in the context of the rights, expertise, and interests of the other members of the triad.

States focusing on actions within their borders need to address the challenges of increasing mobile and virtual system of education that may well have little connection to physical boundaries. They must continue individually and perhaps as a collective to participate in sustaining and even tension across all parts of the triad.

I have offered additional details on many of these points in my written testimony, and so would conclude here with the observation that together, the triad is an effective system greater than the sum of its parts. It works to achieve the ultimate goal to ensure integrity and continuous improvement of the academic enterprise, to give students and their families the information that they need, and to ensure responsible use of public funds.

Again, I thank you for the opportunity to speak with you, and I look forward to your questions and comments.

[The prepared statement of Ms. Phillips follows:]

PREPARED STATEMENT OF SUSAN D. PHILLIPS, PH.D.

SUMMARY

There are significant markers that "the triad" works: American educational quality and accreditation is recognized around the world. The tensions in the system are healthy and important to sustain. The actors must and do work in concert in a process of continuous improvement.

Moving forward this important work, the system of shared responsibility for quality assurance in higher education, as a whole, needs better communication and better data, and each of the actors can and must be expected to consider anew the challenges within its role and responsibility as well as collaborate with those in the other corners toward common goals.

Accreditors need to continue to keep apace of the evolution of students, institutions, and models of learning. They will work to ensure continued attention to their review processes and to the needs of their various publics. They must continue to respond to the shifts in the policy environment and to the needs and responsibilities of other legs of the triad.

Federal actors need to be mindful of the intrusiveness and burden of their actions, and of the dampening effect compliance regulation has on nuance, flexibility, and innovation. They must continue to pursue how their particular interests can be addressed in the context of the rights, expertise, and interests of other members of the triad.

States need to address the challenges of an increasingly mobile and virtual system of education that may have little connection to physical borders. They must continue, individually and perhaps as a collective, to participate in sustaining an even tension across all parts of the triad.

Together, the triad is an effective system, greater than the sum of its parts, to achieve the ultimate goal to assure integrity and continuous improvement of the academic enterprise, to give students and their families information and protecting them from fraud, and to ensure the appropriate administration, accountability and responsible use of public funds.

As a preface to my testimony, I note for the record that I am a professor and provost at the University at Albany/SUNY, that I've served the New York State Regents as an advisor in their accreditation system, and the American Psychological Association Committee (now Commission) on Accreditation. I'm a member of the joint Designation Committee of the National Register and the Association of State and Provincial Psychology Boards, and I have served on the National Advisory Com-

mittee on Institutional Quality and Integrity. I list each of those affiliations because while each has contributed to my experience in accreditation and quality assurance at the programmatic, institutional, and Federal level, I do not speak for any of them today.

I've been asked to address how the "triad," the system of shared responsibility as a whole is working, and what improvements, if any, could be made, with a particular focus on the roles and responsibilities of accrediting agencies and their impact on and coordination with States and Federal Government.

The committee will have heard from others how the "triad" came to be, and some of the historical features of accreditor, State, and Federal actors in the system of higher education. Without repeating those features, I underscore that the assurance of higher education quality has evolved—and that it continues to evolve—as the sources and methods of providing higher education expand, as the interests in educational quality grow, as the resources devoted to higher education increase, as perspectives on defining "quality" are refined, as students attending our colleges change, and as the institutions themselves transform.

HOW IS THE SYSTEM WORKING?

In addressing the matter of "how is the system working," I'd like to point first to three markers.

First, American colleges and universities, and the quality assurance system that supports them, are seen as the flagship for higher education across the world. U.S. accreditation is the gold standard for quality assurance. Together with the State and Federal elements of the triad, this system represents the integrity and continuous improvement of the academic enterprise, giving students and their families information and protecting them from fraud, and ensuring the appropriate administration, accountability and responsible use of public funds. These interests—integrity and improvement, information and protection, and accountability and responsibility, for short—align and work in concert for the benefit of society. Indeed, attention to these interests has been a hallmark of our system of higher education that is known for its quality and innovation around the world. It is no surprise that the quality assurance processes in the United States are sought after and emulated across the globe. This is a critical marker of a system that is working, and that is meeting the demands of a changing global environment.

A second marker that the triad is strong is, oddly, the tension evident in the system. As the interests in quality assurance, and those who advance them, have grown and changed over years, there are many opportunities for one corner of the triad to pull more dominantly than another. This, of course, creates challenges for the important and legitimate interests reflected in the other corners, lest we lapse into a system of integrity without protection, protection without responsibility, or responsibility without integrity. All must be present, and the tension among the triad of actors and their interests is essential and healthy. The collaboration and compromise to address the tension makes for a system that continues to move forward.

Finally, a third marker is that the system itself is one of continuous improvement. As the triad finds points of weakness, it adapts to make itself better. The system works, for the most part, in that accredited institutions and programs of higher education demonstrate academic integrity and commitment to improvement, inform and serve their students and families well, and provide responsible stewardship of the public dollars directed to them. However, there are significant outliers—some of which have been the focus of this committee. New institutions and new ways of approaching education and accreditation have challenged us to look again, to look anew, at the issues that give rise to failures in our system. Just as accreditation itself reflects not only adherence to standards, but also a commitment to continuous self-study and improvement, so does the larger system of shared responsibility. The "triad" recalibrates itself, adjusts some of its elements, and restores its focus, and that of American colleges and universities, on the shared commitment to quality in higher education and the public good. Indeed, today's hearing marks a significant instance of the important process of review and study, with the goal of improvement.

WHAT COULD BE IMPROVED?

With the tension in the triad a mark of strength, it is also the tension that can be a source of improvement. None of the triad is an actor independent of the others; the actions of each member of the triad affect the others, and are affected by the others. Each member has an interest in and a responsibility to manage the system and its inherent tensions well.

To begin, the system needs *better communication* among the elements about and for their common interests in higher education. Improved communication might well start with clarifying and articulating the roles and responsibilities of each member, including but not limited to:

- Academic program quality;
- Quality improvement;
- Protection of various public interests;
- Information for students and families;
- Authorization to operate an educational enterprise;
- Compliance with State and Federal law and regulation;
- Fiscal integrity of Federal student financial aid; and
- Responsible stewardship of Federal funding.

Also needed for the system is *better data* to guide decisionmaking. The critical issue here is not *more* data, but rather *better* data—data that is of high quality, critical to the enterprise and not a burden to collect. Obviously, data that is not reliable and meaningful and clearly understood is not helpful to the enterprise. Moreover, data useful for some parts of the quality assurance enterprise (quality improvement, for instance) are not necessarily relevant to others (regulatory compliance, for instance). As new data needs have risen, often with slightly different nuances or differing definitions, there is not a corresponding decrease of data no longer needed. The quality and benefit of various data, and the cost to obtain it, should be reviewed across the triad. With greater common understanding of the roles and responsibilities of each member of the triad, such a review could reduce duplication of data requests and increase the level of trust within the triad that each member is conducting its business with due diligence and reliable and valid data.

Since we are speaking today in a congressional context, it is important to note that it should not be a Federal responsibility to manage the triad; each of the triad of actors should be engaged participants with critical roles and responsibilities, and each should seize opportunities for improved contribution to the overall system. Much like the relationship of the States to the Federal Government, there is a sovereign responsibility for some elements of the system that resides in each leg of the triad. Attending to that responsibility is essential, as is respecting the responsibilities of the other legs and also working in collaboration toward common goals. Some recommendations for accreditation, for Federal actors, and for States are noted below.

Accreditation. Accreditation verifies adherence to standards that are consistent with institutional mission and student needs, accomplished through a review undertaken by peers at other accredited institutions for the purposes of quality assurance and continuous improvement. This is a unique feature of the U.S. system: a voluntary, nongovernmental quality assurance system. We don't have a central ministry, nor do we mandate a single model of compliance. Instead, our system of accreditation affords for diverse institutions the opportunity to be innovative and mission-driven, to engage in ongoing self-study and quality improvement, and to inform and to be informed by knowledgeable peers. For specialized or program accreditation, it provides similar opportunity in specific areas of study and professions for whom specialized education and expertise is the focus.[1]

Accreditors, themselves, have a commitment to continuous improvement, and are already on the path of making changes as they encounter needs for improvement, and as the institutions of higher education evolve. Recent examples include the adaptations made in online education and in considering competency-based education. Ensuring highly skilled peer review teams, making their processes more simple for institutions and the public to understand, and ensuring room for innovation and experimentation are also topics in discussion among both institutional and programmatic accreditors.

Other changes for accreditors to consider come from shifts in how the triad works together: Accreditors are increasingly called upon to serve as compliance actors—to be the police, judge, and jury for the institutional behaviors expected by those in other parts of the triad. For example, accreditation has been called to address matters of transparency and consumer information. These are worthy matters to address but are ones that need to be taken up in the context of an accreditation process never meant to be a tool for accountability. The accreditors need to consider these matters in the context of what information is useful, both to the various publics served and to the quality assurance process. Accreditors have also been called upon to address whether the student outcomes of an institution are in line

[1] For a quick comparison of institutional versus programmatic accreditation, please see "Types of Accreditation" at *http://www.aspa-usa.org/content/about-accreditation.*

with expectations about responsible use of public funds. These also are important questions to ask, and it is of note that the accreditation community has sought to adapt to accommodate these kinds of perspectives, within the context of their scope and capacity. Yet other questions arise in the context of the evolution of how and where and when higher education occurs. Accreditors are undertaking discussion about their structure, scope and organization, in light of the diversity of educational activity and mission that has evolved. They are considering how more flexibility and nuance might be afforded in the quality review process, and how that process might be made more expedited and less costly. All of these are laudable and necessary initiatives, and ones that will continue to respond to the changing environment of students, institutions, and policy.

Federal Actors. The Federal role in this enterprise has grown, corresponding to its growing investment in making available financial aid to students. There is, of course, reasonable Federal interest in the appropriate administration of the public dollars and the assurance that those funds are being responsibly used. This interest has created a need for a way to designate what programs and institutions would qualify for these funds, which, in turn, has resulted in reliance on accreditation serving as the assurance of academic quality and thereby a marker of responsible use. A process of recognition of accreditors has resulted, and a set of compliance criteria for accreditation agencies has been promulgated.

While these would seem reasonable consequences of a legitimate interest of the Federal leg of the triad, concerns about these processes and criteria have been raised from a number of quarters, prompting calls for reconsideration of how the Federal interests play out in the system. Increasing calls have sounded from both accreditation agencies and institutions that point to the burden and intrusiveness of increasingly granular and prescriptive expectations from the Federal corner of the triad. Expectations about accreditor evaluation of institutional adherence to the Federal definition of the "credit hour" is an example, where there is hot debate—on one side—about Federal intrusion into what has been the province of educational institutions, and—on another side—about the need for protection of the Federal interest in insuring the integrity of the unit for which funds are awarded.

Burden is also evident in a compliance review system that is extremely detailed, and offers little nuance in judgment. For instance, as enacted, there are 94 separate criteria for compliance, each of which entails detailed response and evidence by the accrediting agency. The criteria range in scope from "Student Achievement" to "Public Disclosure of Accreditation Status." Evaluation against the Federal recognition criteria is undertaken via review of hundreds of pages by both Department staff and members of NACIQI.[2] In these reviews, 100 percent compliance with every one of those criteria is the only passing score. The change initiated just recently by the Department of Education that affords an opportunity for accreditation agencies to be evaluated on a critical subset of the various criteria has been a welcome experiment. It has been further suggested in the recent NACIQI recommendations that there be more opportunity for gradation in compliance judgments. Even at the crude level of "outstanding," "satisfactory," and "poor," compliance judgments could move away from the current all-or-none options. (Note that there is a similar call for gradations in the review processes among accreditors.)

There has also been concern about how matters of compliance have been defined outside of regulation. This has meant that some compliance expectations have not been subject to the discussion and concurrence process of negotiated rulemaking. In some cases, the resulting expectations—while intended to provide helpful guidance—become *de facto* standards for compliance that make little sense, or worse, for some sectors of the education community.

The triad would be well served by a Federal review and reconsideration of statutory and regulatory strategies to insure that they not only satisfy the Federal interest in responsible use of the Federal dollar, but also recognize the rights, expertise, and interests of the institutions, their accreditors, and their States.

States. States, of course, have broad interest in the quality of education for their citizens and occurring within their borders, and are most frequently cited with the role and responsibility to license and/or otherwise authorize the educational enterprises that operate within their boundaries. The emergence of multi-state higher education with locations online and on ground presents a new challenge to the States and to the providers of higher education who must navigate a highly individual and costly process of State-by-State authorization. Critical conversations and

[2] National Advisory Council on Institutional Quality and Integrity.

initiatives are already underway to consider how authorization processes might accommodate the growth of cross-state educational activity.

Further, some States have extensive review and approval processes; others are more limited and focused in their oversight of higher education. One result of the diversity of State engagement is unevenness of attention, such that higher education in some States receives far more scrutiny than that in other States. While it is the right of States to establish their own priorities and processes, the variability of different States renders different pressures on the other two parts of the triad. In some instances, there is less concern about the viability of an educational institution, because of more stringent State scrutiny; in other instances, there is greater pressure to seek reassurance not fully afforded by the State that a new educational entity, for instance, has legitimate standing. The articulation and clarification of the roles and responsibilities of the various members of the triad, called for above, might well lead to conversations among the States, and across the triad, about how the pressures and concerns of each could be more evenly accommodated across the system.

CONCLUDING THOUGHTS

The conclusion to be drawn here is that "the triad" works. American educational quality and accreditation is recognized around the world. The tensions in the system are healthy and important to sustain. The actors must and do work in concert in a process of continuous improvement. Moving forward this important work, the system as a whole needs better communication and better data, and each of the actors can and must be expected to consider anew the challenges within its role and responsibility as well as collaborate with those in the other corners toward the ultimate goals to assure integrity and continuous improvement of the academic enterprise, to give students and their families information and protecting them from fraud, and to ensure the appropriate administration, accountability and responsible use of public funds.

The CHAIRMAN. Thank you very much, Dr. Phillips.

Now, we turn to Dr. Hill. Welcome and please proceed, Dr. Hill.

STATEMENT OF MARSHALL A. HILL, Ph.D., EXECUTIVE DIRECTOR, NATIONAL COUNCIL FOR STATE AUTHORIZATION RECIPROCITY AGREEMENTS, BOULDER, CO

Mr. HILL. Thank you, Chairman Harkin and Ranking Member Alexander for inviting me. I am pleased to be here.

During my career, I have had many opportunities to experience the workings of the triad from all three perspectives. As a faculty member, I served on teams that were preparing for reviews by both our specialized and regional accreditors and that process forced us to examine what we were doing, why we were doing it, explain it to others, and assess how well it worked. I am completely convinced that that process of accreditation review results in our better serving the needs of our students.

As a State-level higher education officer, a person responsible for some degree of regulation in two States, I have had very good relationships with accrediting bodies of all types. I have several times worked very closely with them, especially in regard to institutions that were having difficulties. Frankly, there have been times when accreditors could bring about needed institutional changes that I, as a State officer, lacked the authority to require; the reverse has been true as well. We have worked together to improve institutions and deal with significant problems that directly affected students.

For the Federal piece of the triad, I have served on three negotiated rulemaking panels for the U.S. Department of Education, twice focusing on accreditation and once on program integrity of the financial aid programs.

As I continue my testimony, I am going to describe what the States do—I have been asked to focus on that—to fulfill their responsibilities on the triad, and I will provide my own views on how well I think it is working, and make some suggestions for improvements.

What do States and their higher education agencies do as part of the triad? First, as my good friend Paul Lingenfelter indicated, there is a great deal of variety in that, but common roles for States are some of the following: to develop, and articulate, and promote the public policy agenda for higher education in the State. To work closely with the State's K–12 and economic development partners. To authorize higher education institutions to operate in the State. To promote efficiency, quality, collaboration, and responsiveness by the State's postsecondary institutions. To develop State-focused higher education programs of all types. To assemble, analyze, and present statewide data on higher education.

In many States, entities authorize new academic programs at public institutions and in some cases, at independent institutions as well. We often approve construction projects that rely on State-derived tax funds. We provide analyses and reports on higher education issues. Largely, we respond to complaints and try to keep the peace among everybody operating in the State.

How well do I think States are doing as part of the triad? My personal view is that, overall, States do a pretty good job subject to the earlier comment about variability. Performance on all of the tasks that I just mentioned is remarkably varied, though, with some States doing very well on some things and considerably less well on others. Frankly, I do not think this is much different from the State's performance on other complex tasks. As in those other areas, there certainly is room for improvement.

I have been a personal supporter of the country's triad approach for the following reasons. The triad provides a more comprehensive approach than any of the three partners could provide alone. It acknowledges our shared concerns and our shared responsibilities. It provides multiple tools to address diverse problems and hopefully the tools most appropriate to the task. It provides many opportunities for mutual reinforcement of our efforts. And finally, I cannot imagine our country supporting another approach.

States have struggled in keeping up with their responsibilities under the triad. In most States, financial support for students and institutions has failed to keep pace with our rapid enrollment growth. Even in those States that have been fortunate enough to increase higher education funding over the last 10 years or so, they have been unable to keep per student funding at previous levels. Also, operational budgets for State oversight of higher education have been severely impacted lessening their resources for oversight and engagement.

We frankly also have a high turnover in the leadership of State higher education systems. Somewhere between 20 to 25 percent of the members of the SHEEO organization are new every year.

Our current situation provides fundamental challenges for all three members of the triad. They basically, to me, boil down to two: how can we improve and broaden educational attainment while improving quality and while under financial stress? And how can we

enable and support the innovation and flexibility in higher education that our country needs while retaining the ability to restrain and, if needed, punish those who abuse the system?

There are points of common agreement among the triad. We all acknowledge that it is complex, sensitive, and we do not always get the results that we need. As previous witnesses have commented, sometimes our efforts are redundant, unduly stressing some institutions and adding to unnecessary costs. Frankly, despite oversight from three parts of the triad, we still have some unacceptable abuses and shortcomings.

Our most sensitive points of stress require action on parts of all members of the triad. Institutions are aware of that. They are aware of the problems that we face, but frankly, they hope that they can be dealt with without any inconvenience to themselves. It is similar to how we feel about airport security lines. We all know we are not terrorists, but we know there is a reason for the line. We just think there ought to be a special one for us.

We no longer seem able to meaningfully segment higher education and use that segmentation to increase sufficiency, focus attention, and support our goals. So I would offer the following suggested improvements to the triad.

We need a better segmenting tool, a way to adjust the path for institutions of all sectors that have consistently demonstrated responsibility, financial stability, excellent student outcomes, find metrics on measures we care about, and so forth. For them, the focus should be on quality enhancement, the original goal of accreditation.

Identifying institutions that require less attention from every member of the triad should be an approach employed by all members of the triad. For the less fortunate institutions, we need to shorten the period of time between comprehensive accreditation reviews and develop better, more graduated responses to poor performance. Echoing comments earlier, in all cases, the results of accreditation reviews need to be made more transparent to the public.

With the Department, I would suggest that the Department needs to do a better job of providing any needed clarification to the rules that it issues. FERPA interpretations and recent program integrity rules are some good examples of that.

The relatively new program integrity rules are prompting States to change statutes in significant ways, especially in regard to dealing with student complaints. Some States have already done that; more are going to be doing that in the near future.

In closing, I want to thank you for the attention that you are giving to these issues. Those of us who work in State systems want to do our part to meet our country's higher education needs and challenges. We all know that higher education plays a key role in our success as a Nation. We care, we accept the challenges, and we want to contribute to solutions.

Thank you for inviting me to provide my comments as part of your deliberations.

[The prepared statement of Mr. Hill follows:]

PREPARED STATEMENT OF MARSHALL A. HILL. PH.D.

SUMMARY

I am today completing my first month on the job as executive director of a new organization taking a voluntary, regional approach to State oversight of postsecondary distance education. For the last 8½ years I was executive director of the Nebraska Coordinating Commission for Postsecondary Education. For 11 years prior to that I worked at the Texas Higher Education Coordinating Board, the last 8 years as assistant commissioner for universities and health-related institutions. Before that, I spent 17 years as a faculty member at five higher education institutions, large and small, public and private. I've had considerable personal exposure to the workings of the triad.

States do many things as partners in the triad. Those activities include: developing and promoting a public policy agenda for higher education in the State; working with the State's K–12 agency and economic development partners on common goals; authorizing higher education institutions to operate in the State; promoting efficiency, quality, collaboration, and responsiveness by the State's postsecondary institutions; developing and administering State-focused programs of all sorts, including financial aid and transfer/articulation; assemble, analyze and present statewide data on higher education; monitor data sent by the State's institutions to the U.S. Department of Education; approve new academic programs at public institutions, and, in some States, at independent institutions; approve construction projects that rely on tax funds; provide analyses and reports on higher education in the State; and respond to complaints and keep the peace by helping resolve problems and conflicts.

States do this work in various ways, with varying governance and regulatory structures. Overall they do a pretty good job, with some States doing very well on some tasks and less well on others. There is room for improvement.

Changes in higher education has stressed each member of the triad. Possible improvements to the triad: develop a better tool to separate out for streamlined treatment by all members of the triad those institutions that consistently demonstrate responsibility, financial stability, and high metrics on measures we care about.

Chairman Harkin, Ranking Member Alexander, and members of the committee: my name is Marshall Hill. I am executive director of the National Council for State Authorization Reciprocity Agreements—a new organization that is taking a voluntary, regional approach to State oversight of postsecondary distance education. Today marks the completion of my first month in that job. For the prior 8½ years I was executive director of the Nebraska Coordinating Commission for Postsecondary Education—a fairly traditional State-level coordinating board. Just before that, I was assistant commissioner for universities and health-related institutions at the Texas Higher Education Coordinating Board, working with 35 public universities and 8 health science centers that enrolled about 500,000 students. Related to that statewide work, I have just completed a year as chair of the executive committee of the State Higher Education Executive Officers association (SHEEO), the organization led by my good friend and colleague Paul Lingenfelter. Earlier in my career I was a college and university faculty member, teaching music and conducting choirs and orchestras at five different institutions: large and small, public and private.

During my career I have had many opportunities to experience the workings of the triad. As a faculty member I served on teams preparing for reviews by our institutional and specialized accrediting bodies. That process forced us to re-examine what we were doing, explain why we were doing it, and assess our effectiveness. I am completely convinced that the work we did with our accreditors resulted in our better serving the needs of our students.

As a State-level higher education officer, I have had very good relationships with accrediting bodies of all types. I have several times worked very closely with them, especially in regard to institutions that were having difficulties. There have been times when accreditors could bring about needed changes that I lacked the authority to require; the reverse has been true, as well. We have worked together to improve institutions and deal with significant problems directly affecting students.

For the Federal piece of the triad, I have served on three negotiated rulemaking panels for the U.S. Department of Education, representing the country's State-level higher education agencies. Two of those panels focused on rules affecting accreditation; the third dealt with the integrity of Federal financial aid programs. I also provided testimony to the National Advisory Committee on Institutional Quality and

Integrity (NACIQI) during its recent re-examination of the Department's relationships with accreditors.

As I continue my testimony, I am going to describe what the States do to fulfill their responsibilities under the triad, provide my views on how well I think the triad is working, and offer some suggestions for improvements.

WHAT DO STATES AND THEIR HIGHER EDUCATION AGENCIES DO AS PART OF THE TRIAD?

First, there is a good deal of variance in that. But common roles are:

- Develop, articulate and promote a public policy agenda for higher education in the State;
- Work closely with the State's K–12 and economic development partners on common goals;
- Authorize (through various means) higher education institutions to operate in the State;
- Promote efficiency, quality, collaboration, and responsiveness by the State's postsecondary institutions;
- Administer, distribute, or make recommendations about State funding for public higher education;
- Develop and administer State-focused higher education programs of all sorts, including student financial aid and transfer/articulation;
- Assemble, analyze and present statewide data on higher education;
- Monitor data sent to the U.S. Department of Education by the State's institutions;
- Authorize and sometimes promote development of new academic programs at public institutions (and, in some States, at independent institutions);
- Approve construction projects that rely on State-derived tax funds;
- Provide analyses and reports on higher education's challenges, opportunities and performance to the legislature and Governor; and
- Improve coordination across all higher education in the State; and respond to complaints and keep the peace by helping to resolve problems and conflicts.

HOW WELL DO STATES DO AS PART OF THE TRIAD?

State structures for higher education oversight are varied, and doing well is linked more to leadership and the ability of key policymakers across the political spectrum to work collaboratively than to a particular State structure (coordinating board, governing board, etc.). My view is that overall States do a pretty good job. That said, performance on all of the tasks I've outlined is varied, with some States doing very well on some things and considerably less well on others. Those particulars change over time, of course. I don't believe this is much different from the States' performance on other complex tasks. As in other areas, there is room for improvement.

PERSONAL VIEWS ON THE "TRIAD"

I have been and remain a strong supporter of our country's "triad" approach to accountability and quality assurance in higher education, for the following reasons:

- The triad provides a more comprehensive approach than any of the three partners could provide alone;
- It acknowledges shared concerns, shared responsibilities;
- It provides multiple tools to address diverse issues (hopefully, the tools most appropriate to the task);
- It provides possibilities for mutual reinforcement; and, finally;
- I can't imagine our country supporting another approach.

As a State-level higher education officer, I've used the authority and bully pulpit of my position to develop and enforce important State polices, further a State and student (rather than institutional) perspective, and shine lights on results, both good and bad. I've relied on the Federal Government for policies and funding for financial aid, support for important education initiatives, and valuable data on our institutions and students. I've relied on accreditors to assert, assess, and uphold quality and help deal with problems.

Maximizing the many potential benefits of the triad is difficult, and changes in higher education have stressed each component. All three parts of the triad have struggled in response to rapid changes in delivery methods and in institutional missions, structure, focus and control.

- Accreditors have assumed roles outside their initial purposes of assuring and enhancing quality.

• The Federal Government has had to deal with explosive enrollment growth, the expansion of the for-profit sector, and increasingly intense political pressures.

• States have struggled, as well. In most States, financial support for students and institutions has failed to keep pace with rapid enrollment growth. Even those States fortunate enough to have increased funding over the last 10 years or so have been unable to keep per-student funding at previous levels. In many States, future funding prospects look even worse. Operationally, in many States statutes fail to deal with current needs and practice, and many State higher education agencies have had to deal with reduced funding, lessening their resources for engagement and oversight. We also have high turnover in the leadership of State higher education agencies. Each year there is about a 20 to 25 percent turnover in the membership of the State Higher Education Executive Officers association. In some States the average tenure of 4 to 5 years is shorter, presenting a real problem. In the most effective States, the tenure of State leaders tends to be longer.

FUNDAMENTAL CHALLENGES FOR ALL THREE MEMBERS OF THE TRIAD—INDEED, FOR ALL OF HIGHER EDUCATION

• How can we improve and broaden educational attainment while improving quality? And while under financial stress?

• How can we enable and support the innovation and flexibility in higher education that our country needs, while retaining the ability to restrain and, if needed, punish those who abuse the system?

POINTS OF COMMON AGREEMENT

• Interactions between members of the "triad" are complex, sensitive, and don't always yield the results we need. We're all imperfect.

• Efforts of triad members are sometimes redundant, unduly stressing some institutions and adding to unnecessary costs (which are often passed on to students).

• Despite oversight from the three parts of the triad, we still have unacceptable abuses and shortcomings.

• Although most developed countries would take a centralized approach to solving these issues, rightly or wrongly, no one in higher education, the States, or the accrediting bodies is arguing for that here.

MOST SENSITIVE POINTS OF STRESS

• Almost all institutions assert that they place a high premium on the interests of students, don't think they are part of "the problem," and have little tolerance for the processes and procedures necessary to restrain those who abuse the system. That is especially true of public and independent, nonprofit institutions. Most institutions want the "problems" that they hear about to be solved, but they want it done at no inconvenience to themselves.

It's similar to how we feel about airport security lines. We understand why we have to put up with the inconvenience, but because we know we're not terrorists, we wish we didn't have to deal with it. We think there should be a line for those of us that are just fine, and a separate line for the people we should worry about.

• To some extent, earning accreditation by a U.S. Department of Education "recognized accreditor" is supposed to provide that "separate line." With all the changes to American higher education previously described, and with accreditors carrying out tasks that to institutions seem increasingly regulatory, the special line doesn't seem so special anymore. We no longer seem able to meaningfully segment higher education and use that segmentation to increase efficiency, focus attention, and support our goals.

IMPROVEMENTS TO THE TRIAD

• We need a better segmenting tool—a way to adjust the path for institutions (of all sectors) that have consistently demonstrated responsibility, financial stability, excellent student outcomes, high metrics on measures we care about, and so forth. For them, the focus should be on quality enhancement—the original goal of accreditation. Identifying institutions that require less attention should be an approach employed by all members of the triad.

• For less fortunate institutions—institutions from all sectors—we need to shorten the period between comprehensive accreditation reviews and develop better, more graduated responses to poor performance. In all cases, the results of accreditation reviews need to be made more transparent to the public.

• Some accrediting bodies accredit a very wide range of institutions—public, private, large, small, for-profit, and so forth. Rationalizing that breadth under the ar-

gument that those diverse institutions share a commitment to certain high-level principles is one thing. Developing standards applicable to that wide range, without making them so nebulous as to be almost meaningless, or impossible to enforce, is another.

• The Department needs to do a better job of providing any needed clarification to the rules it issues. FERPA interpretations and recent program integrity rules are good examples of that. Some of my recent work has convinced me that the Department needs to re-examine the ways in which it assesses institutional financial status as a condition for participation in Federal financial aid programs.

• The relatively new program integrity rules will prompt some adjustments by the States, in particular in regard to matters such as dealing with student complaints. Several States have already made statutory modifications; others will likely follow.

IN CLOSING

Thank you for the attention you are giving to these issues. Those of us who work in State systems want to do our part to meet our country's higher education needs and challenges. Higher education plays a key role in our success as a Nation. We care, we accept the challenges, and we want to contribute to solutions. Thank you for inviting me to provide my comments as part of your deliberations.

The CHAIRMAN. Thank you, Dr. Hill. Thank you all very much for excellent written testimonies and also your verbal presentations.

We will begin a round of 5-minute questions. Let me ask this. Dr. Hartle, you ask a central question: what should the primary responsibilities of each player be in this? Can each of you expand on that a little bit?

What are the primary responsibilities of each one? And be succinct about it. Dr. Hartle, let us start with you, since you mentioned it.

Mr. HARTLE. With respect to the Department of Education, the central role is to make sure that the institutions have the financial strength and the administrative wherewithal that they will not suddenly go out of business and leave taxpayers and students holding the bag.

With respect to the States, historically the States have been responsible for indicating that institutions are eligible to operate in that State. The States, as has been indicated, are sometimes reluctant to get involved with the Federal Government and to do much about it. In many States, that requirement is just, simply stated, whether they have a business license to operate. There is no educational connection to it at all. I think the question for the committee here is: do we want the States to play that role, and is there a way to make them play that role if they do not want to?

With accreditation, I think they ought to have a laser-like focus on quality and quality assurance so that the Federal Government knows that the money is going to schools that have a strong, valuable academic program.

The CHAIRMAN. Dr. Lingenfelter.

Mr. LINGENFELTER. I will begin with accreditation.

I think the academic community and accreditors are the arbiters and the definers of academic quality. I think the most important thing that that community can do is to articulate coherent, meaningful standards for what we expect to emerge from a higher education program, and they should hold institutions accountable to those standards. That needs to be a voluntary process, not a coerced process, but I think it is critically important. It is what the academic community should do.

States, I think, have the primary role of consumer protection, and they have the capacity to deal with those issues more effectively than either accreditors or the Federal Government. They need to do a better job of that and actually, the advent of distance education, I think, is creating a force that will encourage States to play a more effective role in this area. Because when institutions are operating in multiple States, as we have all observed, the complexity and burden of multiple State authorization is just untenable. The way to deal with that is to have States take the responsibility for their own institutions, and win the confidence of other States in their oversight so that they can have reciprocal authorization all around the country. That is something the States are working to contribute.

The Federal Government's role, I think, is basically to ensure the integrity of its own investments in programs, working with the States and with accreditors. It has capabilities and data, and in financial oversight that exceeds the capacities of the other two players in the triad. It has a very important role in defining the terms of engagement of these programs and how they should operate in recognizing appropriate academic standards and standards of student success.

The CHAIRMAN. Very good.

Mr. LINGENFELTER. Thank you.

The CHAIRMAN. Dr. Phillips.

Ms. PHILLIPS. Thank you. I would start with the Federal role. I concur with what my colleagues have said. The Federal role is one of responsible use of the Federal dollar.

States, I think of as the consumer protection operation within a State. And the accreditation function, I think of as focused on academic integrity and improvement for ensuring a diversity of programs and missions. As you know, those 6,000 institutions, not one of them is the same as the next one over. Trying to ensure quality, academic integrity, and improvement across a very diverse system.

The CHAIRMAN. Good. Dr. Hill.

Mr. HILL. I generally agree with the comments of my colleagues.

For the Federal side, I agree. Financial oversight and the provision of financial support to the students in our country is a principle role for the Federal part of the triad.

I would echo Dr. Hartle's call for the Department to make a review of the process by which it assesses the financial responsibility of institutions and their capabilities participating in title IV.

I agree that accreditors need to focus on quality control and assurance, and on improvement of institutions. I will give a little fuller answer for the States, since I have spent about the last 20 years working in two State systems.

I agree that consumer protection is our principle focused goal, so long as we define that as something more than just responding to student complaints. It is a proactive process, not just a reactive process as well.

States are also charged to supply funding for their public institutions to allow what, as Senator Alexander indicated earlier, accessible support to institutions that are affordable.

And a third role, I think that is very important for State agencies of higher education are to promote collaboration of institutions

within the State, to provide opportunities to cooperate, collaborate, and build efficiency.

The CHAIRMAN. Thank you very much. Thank you all for those very succinct answers.

Senator Alexander.

Senator ALEXANDER. Thanks, Mr. Chairman.

Looking at the governance of 6,000 very different institutions, as Dr. Phillips said; from Washington we see, as Senator Harkin said, the Higher Education Act was authorized in 1965. Eight reauthorizations like the one we are contemplating now, each of them with regulations that are written over the next 2, or 3, or 4 years to implement the laws; on top of that, what we call sub-regulatory guidances. We see that, looking at that from here.

Looking up from the point of view of a student or a faculty member at any of these institutions, we might see a dean. We might see a vice president. We might see a president. We might see a board of trustees. We would probably see a Governor, and a legislature, and a State regulatory agency. And then we see the U.S. Secretary of Education, and Congress, and the President all regulating this student and faculty member.

It is pretty remarkable that this system that we have in the United States is so different from what we have in Europe or other parts of the world where we basically have State-run institutions with States managing what goes on, and it is very different from our K through 12 system.

We basically have a marketplace of 6,000 institutions, and the money follows the students to the institutions of their choice, and institutions fight to keep their autonomy, which is a word educators use, but nobody else much uses.

Here is my question, I suggested in my comments that maybe it would be a good idea to start from scratch with this reauthorization; if not for the whole reauthorization, at least for parts of it. Let us see if we can agree on the objectives we have then write a new law. Repeal all the old law and have new regulations written with our oversight. Not as an ideological exercise, but simply in the way someone would weed a garden before planting a new crop because we all know what happens.

During all these eight authorizations, we have well-intentioned ideas. We just pile them on top of the existing well-intentioned ideas. To compliment Senator Warren, before she became Senator Warren, she had an idea that was similar, it seems to me, about mortgage applications. We all know if we buy houses, that you have to fill out all this stuff and you do not really read it, and it is not in declarative sentences, so you cannot tell what it says, and it does not really protect the consumer at all. Her idea was a one-page mortgage application, and I think the consumer bureaus are going to come up with 2½ pages. I think that will be welcome.

My question, Dr. Hartle, you have seen this from a long time. As Senator Harkin said, you were here as Senator Kennedy's staff person when Senator Harkin was down there and I was the Education Secretary. So you have seen a lot of this. Is that a practical idea?

Would it be practical to start from scratch, not in an ideological way? We have to do this together or it would not work. To gradually say, "Here are our objectives," and then write plain language

to do it, and then give the Department a chance to write regulations in, hopefully, declarative sentences about what they need to do, and take a fresh look. Would that do a better job or is that just a dream that is unpractical? I would be interested in the comments of any other member as well.

Mr. HARTLE. I think, Senator, that is the only reasonable way for you to proceed with respect to the triad. I will not comment on other parts of the Higher Education Act because we are focused here on the triad.

The triad, Part H of the Higher Education Act of Title IV, has attracted new requirements like a ship passing through the ocean attracts barnacles. We sometimes get away from what the central purposes are and what we are really trying to accomplish.

It has really been 20 years with the 1992 reauthorization when Congress last took a very clear look at the triad. As the Chairman and the Ranking Member will both recall, in the late 1980s, there was an enormous number of student loan defaults and Congress had to step-in to clarify what needed to be done to make sure that only high quality institutions were participating in the Federal student aid programs.

Before 1992, the triad was rarely talked about, but in 1992, the triad became a central focus of the reauthorization, and all of the actors were handed new roles. One particular part of it, the State role, proved to be exceptionally controversial and Congress ended up repealing 2 years later. A lot of the provisions dealing with financial responsibility and accreditation, date to that time and have only been added-on.

I think going back and taking a fresh look at it, as I suggested, perhaps by getting an independent third party review on institutional eligibility, would give you a very good baseline from which to consider changes.

Senator ALEXANDER. My time is up, Mr. Chairman. I would be interested in any other comments.

The CHAIRMAN. Is it fair to ask who that third party might be?

Mr. HARTLE. I would think that you might want to reach out to, frankly, a management consulting firm that does not have in any way, shape, or form, a stake in the outcome.

Congress in 1998 fundamentally changed the Department of Education when it created a performance-based organization who would be responsible for processing student aid. Before 1998, that part of the Department was of very uneven quality. We would have years when the financial aid forms would be published with mistakes in them.

Congress said, "We want a performance-based organization. This is how we define a performance-based organization." The Department, under both Republicans and Democrats, has done a much stronger job running a much larger suite of financial aid programs than, frankly, it had done in the past.

I think there is actually a precedent in reauthorization for Congress saying, "We need to rethink the basic approach here and make sure it is going in the direction that we want." I think both the 1992 experience and what you did in 1998, would give you a basis for thinking about how to proceed to develop a package of recommendations.

The CHAIRMAN. Thank you very much.

Dr. Lingenfelter, did you want to followup? I have to move along and get to other Senators, but go ahead.

Mr. LINGENFELTER. Just one quick comment, I think the challenge facing the Federal Government is in the diversity of practice, and opinion, and function among the States and among accreditors. If accreditors can become more coherent in the way they look at academic standards, and the States can become more coherent in the way they perform their role in the triad, it can work better. I think there is some hope of getting that done, but I do not underestimate the difficulty.

The CHAIRMAN. Thank you all very much.

I have, in order, Senator Franken, Senator Warren, Senator Bennet, Senator Baldwin, Senator Hagen, Senator Murphy, and Senator Whitehouse.

I turn to Senator Franken.

STATEMENT OF SENATOR FRANKEN

Senator FRANKEN. Thank you, Mr. Chairman.

I am glad we are here for the kick off hearing on the reauthorization of the Higher Education Act.

I apologize for missing a large part of your testimony, because Senator Whitehouse and I were in a judiciary meeting, but I read it last night. A lot of you talked about the changes that are happening in higher education now as we speak and that are going forward. The role—obviously we are talking about the triad, so we are talking about the various roles that different parties play.

Dr. Phillips, you talked about how great our universities are and how we have universities that are the envy of the world, and that is good news. A part of the bad news is just how much it cost kids—and students, all students—to go to college, and college affordability has been a focus of mine since I got to the Senate. I go around the State and I talk to students, and students now are working 20, 40, 60 hours, full-time jobs while they are going to school.

There is a lot that we need to fix. As the nature of higher education is changing, one of you wrote, or maybe two of you wrote, how President Obama said that basically people are going to need some postsecondary education, and I think we have to look at what that means: "some postsecondary education." I am a big fan of looking at 2-year colleges as a platform, a pathway, and not a ceiling as many parents do.

Now, my question is, I want to just throw it open. It seems to me the States are laboratories and that if we could—part of our role in the Federal Government is to try to incentivize—find a way to incentivize States to solve some of these problems or attack some of these problems creatively and maybe do a competitive grant program to that end.

I was kind of wondering what factors you would—if you did a competitive grant program—award those grants on. A number of you talked about K through 12 alignment with postsecondary. My feeling is the use of 2-year colleges to fill the skills gap.

Can you just speak to, if you were designing something like that, what factors would you be looking for from the States to address

these issues of affordability and of effectiveness of the school in terms of preparing people for the workforce?

Dr. Hill.

Mr. HILL. There is some precedent for that. The Department used to run a program called FIPSE, which provided the opportunity for both institutions and others to apply for funds to innovate. It has not been funded all that much in recent years, and it became, frankly, subject to earmarks, but re-instituting something like that.

As far as what you should reward, I think movement among the segments of the population that have not previously participated in higher education is the key. We cannot just keep educating people like ourselves. We have to educate people who are the first in their families to attend college, sometimes the first in their families to graduate from high school.

A few of the projects that I would put high on my list are significantly improved remediation. Remediation is a significant problem in this country. Students who enter colleges and universities and are found needy of remediation have a horrendous eventual success rate.

Certain places know how to do it better, and by doing it better and bringing that to scale is something our country really needs. That would be one thing.

Senator FRANKEN. Of course, that is getting our K through 12 improved, is really part of what that is about.

Mr. HILL. Yes, sir, it is, but not just that. A large portion of students who show up on community college campuses and are tested needing remediation are adults. They have been out of high school for 6, 8, 10, 12, 20 years and they need help in the same way that the student who did not get what he or she needed in high school, and we do not do a good job at that.

Senator FRANKEN. Yes. Is that OK, Mr. Chairman?

The CHAIRMAN. Go ahead.

Mr. HARTLE. I want to pick up on your comment about community colleges. I think they are an extraordinary asset in American higher education. It is about 40 percent of our students enrolled there and I think sometimes they get short-circuited in the discussions of Federal policy. We are very enthusiastic about engaging in those discussions.

With respect to your proposal about sort of an initiative that would involve the States on issues like affordability, and value, and new forms of postsecondary education, I think there are two questions that would immediately come up, sir.

One, would private colleges and universities be eligible to participate in it? If the money goes to the States, many State governments do not particularly want to include private colleges and universities in those sort of activities because they want to keep the money for the State institutions. You have a large number of excellent private colleges and universities in Minnesota, and you would not want them to be excluded. So that is an issue you would have to think about.

The second part would be if you were to think in broad terms, and I think it is exactly right to think in broad terms of affordability in new forms and quality. If you were to think in broad

terms to prevent the Department of Education from imposing their particular educational agenda on States, this has been an issue that we have had many times with the Department of Education, not just this Department of Education. Given a choice, the Department of Education will say, "We want you to look at new forms of postsecondary education and these are the ones we are interested in."

Senator FRANKEN. Right.

Mr. HARTLE. I think if we are going to treat the States as laboratories, let the ideas come up, we need to make sure that the Department of Education can push an agenda down at the same time.

Senator FRANKEN. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Warren.

STATEMENT OF SENATOR WARREN

Senator WARREN. Thank you, Mr. Chairman.

I appreciate all of you being here today to talk about the shared responsibility of the States, the Federal Government, and the accrediting agencies. I assume we all have the same goal, and that is a high quality education for our students. If students cannot afford to go to college, they are not going to get that high quality education.

There are a lot of problems in higher education today, but surely one of the biggest is affordability. Our students are drowning in debt. One in five households now carry student loan debt. The burden is especially crushing for young Americans. They are now trying to deal with total student loan debt of about $1.1 trillion. And as long as college costs continue to rise without any real limitations, students are going to be forced to finance their educations with more and more debt.

Colleges with the help of State and Federal grants may be able to shield the lowest income families from tuition hikes, but middle-income families are really getting hit, and they are getting hit hard. A student who goes to a public university today, adjusted for inflation, will pay about 300 percent of what her father would have paid a generation ago.

My question is: if we are going to work through the regulation of higher education and we are going to work through the combined efforts of Federal, State, and accrediting agencies, then whose job is it to ensure that the colleges are affordable? Who does that?

Mr. Hill.

Mr. HILL. I think we all have to do it, but as a former State person, I think it is a major responsibility of the State, especially for its public institutions. That is sometimes challenging.

I think you are probably all aware that State funding for postsecondary education has failed to keep up, at least on a per student level, as our enrollments have increased. Those costs have largely been shifted to students.

Frankly, students are not without blame themselves. They add to their own costs. A flagship institution in my former State allowed students to vote for an increase in their student recreation fee from $260 a semester to $400 a semester to finance the rebuilding of an outdoor recreation center which featured a climbing wall.

My commission recommended that the legislature, State legislature not approve that, but the legislature did.

We need to have greater courage about when we should say no about things which add to costs and we have not been doing a very good job of that.

Senator WARREN. Surely, Dr. Hill, you are not going to say the students have been voting for these increases in college costs all along.

Mr. HILL. No, they have not. No. Students have not, but they have added to it. They have added to it upon occasion.

Senator WARREN. All right. So we have the States. You think part of this is the students.

Mr. Lingenfelter, you wanted to add to this?

Mr. LINGENFELTER. I think this is a huge issue that the States need to participate in. I want to pick up on Senator Franken's comments about a partnership.

There was another program that is no longer funded called LEAP, which was a partnership between the Federal Government and the States to encourage the States to put funding in student aid, and also to provide student aid funds that are proportionate to their tuition charges, and I think that kind of program needs to be reconceptualized.

Some members of my association and I have worked on a way that would create incentives for States to maintain State funding to provide financial aid for the most needy students to cover tuition and in partnership with the Federal Government.

The fact is that a Pell Grant and a substantial workload only pays living costs.

Senator WARREN. No, I understand this. Let us just push on this point for a minute, then, about the States, and the State funding, and the responsibility of the States.

I understand that just in the last year. State funding for higher education has dropped by about 9 percent of the proportion that the States pick up at the State universities in supporting their students.

Back at the beginning of the 2000s, they were picking up about 70 percent of the costs; the students were picking up about 30 percent of the cost, which meant that for every dollar the students were putting in to pay for their education, the States were putting in a little over $2. Now, that has dropped to 50/50 in barely over a decade.

The States have clearly withdrawn a lot of support from public universities, and this seems to me to be a key point on affordability. If we do not have access to those State universities, then how is college going to be affordable for our kids? I think I am over. Please.

Mr. LINGENFELTER. Those numbers come from my association.

Senator WARREN. I was just going to give you credit. I apologize for not doing so earlier.

Mr. LINGENFELTER. No, no. Let me comment on it. The fact is that State funding has kept pace with inflation over the last 12 years. It has kept pace with enrollment growth. It has not kept pace with the combination of the two.

Enrollments have increased over 35 percent since the turn of the century and that has been the fastest rate of enrollment growth since the Baby Boom entered college. The problem is that the State funding has actually grown, but enrollments have grown faster. Inflation has grown faster, and the pressures on the State Government, just like the pressures on the Federal Government, force us to make a lot of hard choices. We need to come together in partnership to deal with that issue in ways that are more effective than we have achieved so far.

Senator WARREN. Thank you, and I hope we can pursue this more. I just want to say on this.

I went to a commuter college. It cost $50 a semester. I went to a State university for law school. I went to school at a time when America invested in public education for its kids. I benefited from that. I am part of a whole generation that has benefited from that. I fear that we are losing that and if we lose that, there is nothing else that saves higher education. We lose our future.

Thank you.

The CHAIRMAN. Thank you, Senator Warren. Let us see, Senator Bennet, Senator Baldwin.

STATEMENT OF SENATOR BALDWIN

Senator BALDWIN. Thank you, Mr. Chairman and Ranking Member Alexander for convening this hearing and the series to follow to get us started with the reauthorization of the Higher Education Act.

I was able to check with a number of Wisconsin higher education stakeholders in preparation for this hearing and they provided me with their thoughts on the triad and the oversight and efficiency of the Federal student loan program.

They also, very rightly, brought the focus back to our students. How will students benefit from changes that we are discussing today? How will students be impacted if we move in one direction or the other?

I would like to read you just one short excerpt from an email I received from a financial aid officer in my State,

> "The incentives or disincentives for whatever is the concern du jour—high tuition, low graduation rates, et cetera—as important as these topics are, if we tie student aid to something that is outside of a student's control, there will be unintended consequences that negatively impacts students. Do we need to address the high cost of education, cost transparency, graduation rates, debt levels? Yes, yes, yes and yes, but we need to figure out another way to do this without negatively impacting students."

I am wondering what our witnesses' reactions are to this particular piece of input. Specifically, this call to focus on the students' needs as we talk about institutional changes to financial aid. Why do we not just go across the panel?

Mr. LINGENFELTER. I think student achievement, student success has to be the focus. We need to focus on quality. We need to find ways of getting sufficient aid to students so they can really enroll in an academic program.

The National Student Clearinghouse did a study last year of completion, and the relationship between completion and full-time study is very strong, and the correlation between the failure to complete and part-time study is very high.

What we need to do is find enough ways to put resources behind students to enable them to really enroll and succeed in a higher education program.

Mr. HARTLE. I agree with what Paul has just said. I think one of the most basic lessons of public policy is that we create incentives and individuals and organizations will react to them. It does not matter whether it is healthcare, higher education, or the defense industry; it is always the same thing. Incentives are created and people respond.

The challenge will be to create the proper incentives for students and for institutions. The President has talked about this as part of his recently announced plan, and I think that is something that this committee will need to look at going forward.

Part of it is going to be a need for the committee to define what incentives it wants to create, which direction it wants to go in, and what will be the primary things you want to see as an accomplishment of this reauthorization. That will be a prerequisite task that we would be happy to work with you on.

Ms. PHILLIPS. Thank you. What a student gets out of this is squarely in the land of the accreditor: the quality assurance of the program, of the institution, and the continuous improvement of that.

Coming into an institution, of course what you are concerned about is access and access is so predicated on resources and the ability to migrate into education when it is possible, and also on success. In many ways, the quality of the educational institution is not simply what goes on in that institution but also what it prepares the student to do next.

I would offer one caution in thinking about this as you go forward. There is a great deal of discussion about graduation rates, and while that is a nice metric, it does not necessarily mean success. You would not want to alter the incentives around increasing more graduation simply by diluting what it takes to graduate. Quality as in both access and success.

Mr. HILL. I would suggest that a focus on students and their needs is one of the defining characteristics of State systems rather than an institution-focused approach. Focus on the State's perspective, the State's needs for an educated populace and students, and States can do a lot to adjust their incentives.

In a formula-funded State in which I used to work, an institution benefited the most from a student who came needing a great deal of remediation, was kept in remediation for a long time, and then was a part-time student for a much longer time. And whether they graduated or not, made no difference financially to the institution; in some cases, they were better if they did not.

We need to adjust that. We need to reward institutions for helping students get through in a timely way, and pay them for doing that, offering an incentive for them to take the actions needed.

Senator BALDWIN. Thank you.

The CHAIRMAN. Thank you.

Senator Hagan.

STATEMENT OF SENATOR HAGAN

Senator HAGAN. Thank you, Chairman Harkin.

I want to thank Chairman Harkin and Ranking Member Alexander for holding this hearing, and to the panel of witnesses for being here today.

As the HELP committee kicks off our series of hearings in preparation for the reauthorization of the Higher Education Act, your insight and your overview of the triad is invaluable. I am glad that the committee is starting the discussion by dedicating this hearing to exploring the basic structure of the triad. I am looking forward to our discussion about the current functions of each of the actors of the triad, if the current model is effective, and starting a discussion around how to improve the structure.

Dr. Phillips, it is clear from your testimony that you believe the triad is working because it is highly regarded and emulated by our international friends. I believe providing our students with a quality educational experience is vital to producing a highly skilled workforce and the accreditation process is essential to achieving this outcome.

Given your extensive knowledge and multiple roles held in the field of higher education as a professor, a dean, provost, and vice president, I know that you have a keen insight in the compliance and reporting requirements for an institution. You mentioned that we should work to reduce duplication and increase communication within this triad, but argue against providing increased transparency of accreditation reviews.

Can you explain why you do not think these go hand in hand?

Ms. PHILLIPS. Let me clarify. The things you are thinking are not going hand in hand are transparency and——

Senator HAGAN. Transparency of the accreditation reviews.

Ms. PHILLIPS. I am actually of the opinion that transparency is a good thing, and that accreditation reviews need to be more understood by the public and more available. You can see some of the accreditors, regional accreditors, have already moved in that direction.

I do think that that kind of transparency needs to be done in the context of what it means to be disclosing in the course of a review. While you might find yourself feeling comfortable coming out of your physician's office saying, "I have a clean bill of health." You might not want them, the public, to have examined your waist size and body count.

Whether or not the details behind an accreditation review are the things that are publicly useful, I am not so sure. But the basic overview, and in a way to, is helpful to the public, I think should be.

Senator HAGAN. It seems like in most cases, though, there is no information given to the public about institutions put on probation.

Ms. PHILLIPS. Part of the accreditation process will require that an accreditation decision is subject to an appeal process. Often the accreditation process will not do the full disclosure until that appeal process is complete. I do not know if the instance that you are talking about is one of those, but that may well be simply part of

the due process and fairness to the institution element that is inherent in all of the accreditation.

Senator HAGAN. Sometimes that process alone causes parents to say, "Oh well, I think we will go elsewhere."

Ms. PHILLIPS. Without knowing what it is on probation for.

Senator HAGAN. I think transparency is something in this whole process that is really more necessary.

Ms. PHILLIPS. I would actually make a case for both more transparency, more meaningful transparency and also what I would broadly call consumer education. Your average parent does not necessarily know what accreditation means. To have some way of describing that in a way that is not simplistic, but understandable to the general public.

Senator HAGAN. I think that is why probation status needs to be better defined because the parents and students want to know that an institution is accredited, but at the same time, if there are no common definitions, what does that even mean?.

Anybody want to comment on that?

Mr. HARTLE. I think I generally agree with what Susan said. I think defining a little bit more precisely exactly what you think ought to be made available. Probation means different things in different accrediting associations, and so it may not be a problem in some associations; it may in others.

In general, I am very much in favor of additional transparency, and would point out that in any State, all the accreditation materials produced by the institution and the agency are subject to open record laws. I have never seen a newspaper go in and actually look at the documents and write an article about them. Certainly if SUNY Albany, where Susan is, those documents would all be public. I know of one university that just puts all the documents in a room and tells anybody who asks, "Go take a look at them." The public does not seem to want to delve into the stacks of information that are made available.

You could make all that, require all that to be public, but it is not clear that there would be a big interest in having it.

Senator HAGAN. Thank you.

Dr. Hill, thanks for your testimony. As we continue to grow our increasingly global economy, we understand that we have to continue to make significant investments in education, both at the State and the Federal level to ensure that we are producing a competitive workforce, one for the 21st century.

As we are seeing these dramatic changes, and Senator Warren mentioned some of the actual dollar amounts, but we are also seeing a lot of dramatic changes that are brought on by technology and an increasingly diverse set of students. Where do you see the appropriate role of the State in this shifting triad?

Mr. HILL. I imagine that at every reauthorization of the Higher Education Act, people have said that higher education has changed so much, and we are facing something completely new. I think that is especially true now, so we have had an unprecedented explosion in higher education enrollment despite the little dip we had last year.

The States are keenly involved with this. The States right now do what they do in such very different ways that institutions that

operate across State borders are spending a great deal of time and effort trying to comply with all of that. We can do a better job.

The organization I have just come to head in the last month is focused on that. It is a voluntary system to let States that choose to recognize the good work done by other States can agree to accept one another's approval of institutions, and that is going to lower costs very considerably. We are going to have to do as many things like that as we can in order to get where we need to be.

States need to do a better job about sharing completion data, especially regional States. Nebraska and Iowa share a lot of students. We have an enormous transfer of students back and forth, but we really do not know much about one another's data and progress of those students. We could do better about all of that.

The CHAIRMAN. Thank you very much.

Senator HAGAN. Thank you.

The CHAIRMAN. Senator Murphy.

STATEMENT OF SENATOR MURPHY

Senator MURPHY. Thank you, Mr. Chairman.

Thank you for this hearing. Thanks to our witnesses.

I am an example of millions of families who are caught in the squeeze of college loans and affordability. My wife and I are still paying back our student loans, and we are desperately saving for our two young kids. While we make an income that allows us to do both, it is still astronomical the amount of money that we put into the college line item. The burden of paying for college and paying back college is absolutely crushing families today. I have to agree with Senator Warren, the current system we have just fundamentally has not worked for students.

I thought the first question was the best one which was Senator Harkin's very simple question as to what the primary roles of each of the three components of the triad is. I thought it was interesting that none of the answers from the panelists was affordability or making college cheaper.

Now, I understand that it probably is an element of each of those pieces of the triad, but it certainly has not been the chief responsibility of any of them. I guess I will ask this question to Dr. Lingenfelter, because you sort of lead with an overview of the triad.

One of the pieces that seems most curious to me is that the Federal Government is putting in about $140 billion in funding through Pell Grants and student aid, but is seemingly outsourcing the question of quality and affordability to State regulators and to accreditors. There is not a lot going on at the Federal level to really tie those dollars to schools that are actually delivering a cheaper product with quality attached to it. It just seems like a curious division of labor.

Should the Federal Government be playing a much larger role in making sure that the dollars that it is sending are actually going to institutions that are delivering more for less money?

Mr. LINGENFELTER. Let me begin by saying that I think it is the role of the States and the Federal Government to make college affordable. I think the focus when we think about the triad is the quality assurance piece, but the affordability piece—access to high-

er education to quality—is absolutely the responsibility of the States and Federal Government.

The States have traditionally played the role of assuring affordability by direct aid to institutions, as well as student financial aid, and in many States that includes private as well as public institutions building capital facilities. What has happened is as higher education has become more important, and enrollments have soared—and the other challenge the country is facing in providing healthcare and retirement for my generation and other issues—we are having a hard time keeping up.

We need to reset our system and focus on the kind of support it will take to keep college affordable for every American, so we do not waste that human potential. It is especially an issue at the lowest income level. It is a growing issue at the middle-income level. It has got to be a national priority.

Senator MURPHY. Go ahead, Dr. Hartle. Answer the question quickly and then I have another question for you.

Mr. HARTLE. The triad has not heretofore been designed to address issues related to affordability. Obviously, you could add that.

To the extent that it is a responsibility of one part of the triad, it would be the responsibility of the States.

Senator MURPHY. I see.

Mr. HARTLE. Eighty percent of college students in the United States go to public institutions. The price they pay will most likely be determined by decisions made by the State legislature about operating support for the public university. So that is where the focus would be.

The challenge you face is that because the Federal Government does not give States money for higher education, the way you give States money for elementary-secondary education, it is very hard to hold the States' feet to the fire with respect to funding levels.

Senator MURPHY. That is true, but we still put $140 billion into both public and private institutions. We have a pretty enormous hook into those colleges to, at least, have a conversation about affordability that we are not.

Let me ask you one additional question. I frankly think it is remarkable how little innovation has happened in higher education over the past decade or so. The innovation that has happened, I think, has largely happened around trying to make more profit for for-profit companies.

It is remarkable to me that when you enter a public university today, it largely looks very similar to what it looked like 50 years ago. You still get very little credit for prior learning. You are still going to have to spend 4 years. You are going to be in a credit hour-based system. There are only two universities in the entire country today that are awarding degrees based on competency-based measurements.

You talk about incentives. It seems that there is very little, if any, incentive today to really do true innovation that would, for instance, reduce the amount of time that a student spends in school. There are all sorts of great, innovative ways and thoughts out there about how you could shrink the amount of time that a student has to spend based on their ability to show that they learn faster or showed up with more in their brain to begin with. Yet

right now, the system does not necessarily seem to help schools get to the point where they would want to innovate on the structure of their system of higher education.

Mr. HARTLE. Thank you for that question. Let me begin by saying I fundamentally disagree with you about whether there is innovation taking place at traditional colleges and universities, and would be happy to continue the discussion with you about that offline.

There is a great deal of interest in what is called prior learning assessment and giving the students the opportunity to demonstrate knowledge before they enroll in higher education, or to get credit for things once they are at colleges and universities, certainly, competency-based education. You mentioned Western Governors University as well as the University of Southern New Hampshire are both experimenting with this.

Higher education institutions are very good at copying, and if an idea proves successful, you can bet every institution in the country will be looking very quickly for ways to do it.

If you want to stimulate innovation, Paul Lingenfelter mentioned a small program that you used to have at the Department of Education called FIPSE, the Fund for the Improvement of Postsecondary Education, that has been pretty much moribund for the last 20 years. It would be very easy to use a modest amount of Federal dollars to encourage whatever types of innovative activities you would like to encourage. That is something the Federal Government could do very easily if the committee chose to do it.

Senator MURPHY. Thank you. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Murphy.

Senator Whitehouse.

STATEMENT OF SENATOR WHITEHOUSE

Senator WHITEHOUSE. Thank you, Chairman Harkin, for holding this hearing and for the focus on higher education.

I am no expert in higher education. I will be the first person to concede that, but having one child in college, having another one that went through a college, having been to a college myself, and representing a State that is famous for very, very good colleges, I have some exposure to it. I have to agree with Senator Murphy.

My impression is that when you look at the innovation that is taking place in other industries, when you look at the innovation that is taking place in technology in our lives, I do not really see that kind of innovation happening at all in the higher education sector. Join me in on that conversation, because I do not frankly believe you, Dr. Hartle, and I would love to learn more about that.

Mr. HARTLE. I would be very happy to——

Senator WHITEHOUSE. Let us do that offline because I have 4 minutes right now.

Dr. Lingenfelter, when you were asked about affordability, you went to three areas. One was direct aid to universities—outside funding and direct aid to universities. One was student financial assistance; outside aid coming in through the students as student financial assistance. The other was capital for buildings from the States that support it; again, outside funding coming in to universities.

When asked about ways to enhance innovation, Dr. Hartle, you mentioned the FIPSE program which is, again, outside money coming in. In some respects, I am seeing in this hearing the same sort of bias that concerns me that in higher education very often the look is like, "How do we get money into our existing system?" And not, "How do we make our existing system innovate? How do we make it more efficient? How do we prove to our students that we are as efficient as banks have become and retail folks have become?" Frankly, even Government agencies under the enormous pressure of the terrible cuts they have sustained have had to become. I would like to see that made more of the conversation. Let me ask two specific questions.

Do you know of any credible reports that were talked about earlier about bringing management consultants to look at this? Do you know of any credible reports out there that actually take a look at the efficiency of higher education and compare it to other industries that we, as a committee, should be looking to as reference points?

In terms of the triad, do you know of any existing analysis or documents out there that quantify the cost of that triad to the institutions and evaluate its effectiveness? Do we have an existing basis of analyzed data out there that we should be reviewing, or are we kind of starting from scratch in those two departments?

Mr. LINGENFELTER. We have been doing cost analysis in higher education for 40 or 50 years. We know a great deal about cost.

I think the fundamental premise you are coming from, though, is a sound one and that the most important money that is in higher education is the money we have now, not money we are going to bring in, and we have to find ways of using that more efficiently and effectively.

The pressure to do that is enormous. Public colleges and universities have not been increasing spending per student. They have been decreasing spending per student because of the pressure on them.

While emphasizing the importance of getting productivity means, I think it is also important to recognize that we are asking higher education to do something that we have never done before, and that is educate virtually everybody to a high standard.

We cannot sort and select to excellence by simply reducing the inputs to the most able student. In order to get the kind of educational achievement we have in this country, we not only have to find better ways of using the money we have. We have to make sure that we provide enough to do the job. Given the size of the challenge, I think, both parts of that question really need attention.

Senator WHITEHOUSE. Well, my time is about to run out, and this is going to be a long discussion. Let me make it in the form of a question for the record, and ask each one of you to followup if you have an answer.

That is: What are the best one, two, or three studies that you would recommend that somebody like me should look at with respect to the innovation trend of higher education as a comparison to other industries? That is one.

The second is: what is the total cost of this regulatory triad? Is there any effectiveness analysis of what parts of the cost that you are all asked to bear of that triad are helpful and unhelpful?

Those are two areas where, I think, if there is existing work and it is good work, I would like to see it. OK?

Senator WHITEHOUSE. Thank you all very much and thank you, Chairman.

The CHAIRMAN. Thank you, Senator Whitehouse. Thank you all. This has been an interesting kick off.

First, I will just recap a couple of things. I think Senator Alexander really puts his finger on something, when you compare this to the auto companies in the 1950s and 1960s and talk about innovations. Dr. Hartle, I would also like to be included on that innovation discussion.

The auto companies made innovations. I remember when Chrysler in 1958 changed all their designs. They had the DeSotos, the Dodges, the Chryslers, and it was quite a change in the design of automobiles, but it was basically the same car. Need I mention the Ford Edsel that came out? There were some innovations, but it did not get to the crux of what people really wanted and what the future was.

I remember when I was in college in the late 1950s, early 1960s, the VW Beetle came to America, and young people started buying them. Ugly little things, they said at the time. It did not look like an American car, but it is amazing how many young people started buying them.

Innovation is one thing. The auto companies made innovations, but they were just more chrome, more fins, more flashiness, but it really did not get to the essence of what the future was going to be in automobile demand and efficiencies. The Japanese, and the Germans, and others got on top of that. Innovation in what way?

Second, what we picked up from this hearing is that one of the biggest concerns that we have is this increasing cost. I hear that all over. I just pointed out, and had my staff look it up, from 1985 until now, the cost of higher education has gone up by 498.5 percent. The CPI has gone up by 114 percent; so 5 times. Why has it gone up by 5 times the rate of inflation?

What is inherent in those costs? Are we getting value for that? I mean, are we getting brighter students? Are we getting better graduation rates? Are they getting better employment? Is our economy improving because of that? I think these are—and we are going to delve into more of this in our future hearings, what goes into that 400 percentage point increase, over 5 times more, than the CPI. There are a lot of elements in that; I do not mean to go into that, but I think you can see where we are headed on this.

We looked at the triad and what each one has—and my question that Senator Murphy also talked about—is what are the primary responsibilities? In terms of cost control, it seems that we have both the State and the Federal Government. I am not certain that accreditors need to be left off the hook on that either in terms of cost controls, and what they are looking at in terms of accreditation, how they accredit, and what the basis of those accreditations are. We are going to look at that too.

Certainly, transparency, this is my own thought. Transparency in terms of accreditation and how they do that is vital. Communication between them and the universities, and among universities, and among the populace and families need to be better.

We need to have a better kind of comparison so that families can compare when their kids go to college. How much does this cost? What are they getting? What is the employment rate? How do they learn? What goes into the credit hour that one college costs versus another college? What goes into that credit hour, how do they make that up? Families can make better judgments on where they get a better value for their dollar.

My last question, and I am almost out of time, the President recently announced plans to develop a college rating system—we are going to be looking at that—on who is offering the best value to students. We do not know what that rating system is and how that is going to be fashioned, but that has been thrown on the table. I just want to know what you think of the idea of a college rating system as a way of maybe cost control, value, comparisons. It is something that we ought to be looking at as we go through the Higher Education Act.

Dr. Lingenfelter, what do you think about that rating system?

Mr. LINGENFELTER. I think we would get farther ahead, quite frankly, if we developed a consensus among institutions about fundamental standards of student learning and a commitment to getting more students successfully reaching those standards.

I do not know that—I think there is a place for a rating system, there is a place for transparency, but this is not a silver bullet. What will really make, what will continue to make American education as great as it has been, and help to meet the new challenges, is a common sense of commitment to fundamental educational values.

The CHAIRMAN. Dr. Hartle.

Mr. HARTLE. I agree with Paul. I do not think that a rating system is a silver bullet. If it was, "U.S. News & World Report" would have solved the problem 30 years ago.

I think there are four issues that are of particular interest as the Department does this. They have the authority to do this. I have no doubt that they are going to go ahead.

First, the President says he is concerned with giving families information about value and affordability. I think those are important terms that need to be very clearly defined. Value implies some combination of quality and price. It is not clear where the Department of Education will get data about quality from.

The peer groups are not clear. The President says he wants to rank comparable institutions. There are academics who spend their lives trying to figure out what institutions are comparable to other institutions. That will be a challenging issue.

The data sources the Department will use are not clear. Obviously, they have data from IPEDS, but they have data that they can get from the Social Security Administration or the Internal Revenue Service, but that does not necessarily give them a lot of data about things like equality that they will want.

Finally, the formula they are going to use is unclear. The formula you put in a ranking system envelopes the values that you

attach to the various elements in there. Do we put more emphasis on having a diverse student body than having a high graduation rate or having a low posted price? This is hard stuff, and the Department will have a lot of work to do to make this happen.

I think those are sort of the core issues that they will be addressing.

The CHAIRMAN. Dr. Phillips, quickly.

Ms. PHILLIPS. I would absolutely agree with what has been said so far. This is a fascinating idea, but one very difficult to achieve. The definitions of quality from whose perspective, value from whose perspective raises questions about the variability of mission, the variable interest of the student going forward not only the variability of the potential funders. The diversity of definition is a huge issue.

The number of variables you would need to get into the equation in order to make a fair judgment would mean that a system would be reduced to something simple, read simplistic, and that that would not do good things for our education system.

The CHAIRMAN. Dr. Hill.

Mr. HILL. Senator, I have come to believe that the answer to almost every question about higher education is: it depends, and you have heard that from my colleagues.

I do support transparency, greater transparency so that students and families know about the institutions they are considering attending. Frankly, I am not really convinced that that is the basis upon which the majority of students and families make their choice about the institutions they will attend. A huge percentage of students in our country attend college within 50 miles of themselves; proximity is paramount, and the people that we most need to reach right now are looking as a default to their local community colleges. We need to do everything we can to keep costs at those institutions as low as possible.

The CHAIRMAN. Thank you all very much.

Senator Alexander.

Senator ALEXANDER. Thanks. This has been very helpful.

I have two questions. One is I am a big believer in the marketplace and a big defender of autonomy, money following choice, money following students to the institution of their choice, and competition. I wonder why that has not produced more innovation in higher education? I mean, how is it that Dartmouth can operate year-round?

If you go to Dartmouth undergraduate, if my facts are right, one of those summers you have to spend at Dartmouth. They claim, Dr. Trachtenberg is saying that saves Dartmouth $10 million a year. By fully utilizing Dartmouth's facilities saves $10 million a year, why do not more institutions fully utilize their facilities in the summer?

The President noticed the other day that the former Governor of Tennessee instituted a system that the current one is using that spends State dollars for higher education in some part based upon how rapidly students graduate from college. Different campuses are coming up with all sorts of ways to encourage that. The University of Tennessee at Knoxville is saying, "If you come here, you are going to pay for 15 hours even if you go 12." Well, that gets a lot

of people to say, "Well, I do not think I will stick around for 6 years just to watch the football games. That is going to get expensive." Austin Peay University is doing it a little different way because they are a little different kind of college.

My question is, I think there is going to have to be an enormous amount of innovation in the next 20 years, more than colleges are comfortable with. I think an analogy to the auto industry in the 1970s is accurate and what transformed the American auto industry was pure and simple competition. It was the Volkswagen Senator Harkin talked about. It was the little Japanese cars, Datsun was being sold one a week from Los Angeles for a while until Nissan got its foothold. All of a sudden, the Big Three and the UAW had to get busy. We saw that in our State.

Nissan came to Tennessee. Got a green field, a right-to-work law, but it brought a bunch of Ford executives to run the plant; so just a matter of both labor and management making big changes.

Why has not the marketplace produced more innovation in higher education? And what assurance do we have that it will? Because if it does not, then you are going to have Senators and Congressmen coming up with all these rules, and regulations, and ideas, and, "OK, Tennessee did this, so make everybody do that." That is not going to work. That is just going to stifle opportunities for innovation.

How do we encourage more of the kind of innovation that the marketplace is supposed to encourage?

Mr. LINGENFELTER. Terry Hartle will tell you that there is a lot of innovation and competition out there already, and I think that is right.

Senator ALEXANDER. Yes, but how can you explain universities taking the summer off when those buildings are so expensive and that obviously adds millions of dollars to the cost of everybody going to school at that university? That is because faculty members do not want to be inconvenienced; that is all it is. Administrators do not have the courage to confront the faculty members. You know that is true, is it not?

Mr. LINGENFELTER. I am not going to argue with that, sir.

Senator ALEXANDER. Yes, I would not.

Mr. LINGENFELTER. You are right.

Senator ALEXANDER. You know that is true.

Mr. LINGENFELTER. The point I wanted to take from your analogy from the auto industry is that we are in competition internationally now.

Senator ALEXANDER. Right.

Mr. LINGENFELTER. We have to find a way to do that, and it is going to be a combination of flexibility in how we do this work and also some coherence in what our national strategy is.

Some of the countries that we are competing with right now, frankly, do not tolerate any standard at all for higher education achievement. They develop standards. They say, "This is what we expect knowledge to be," and we have to find a right balance between the kind of flexibility that you have to have for innovation and a commitment to core values of academic quality and also access and affordability for our citizens. We have got to do both.

Mr. HARTLE. I think the reason you can count on seeing innovation increase in the next two decades, which was your timeframe, is because knowledge is no longer place-bound. The university has always been based on a model that knowledge would be at one particular place and people would go there to take advantage of the knowledge, to gain the knowledge. The information technology revolution is changing all of that very rapidly.

With respect to your specific example about people accelerating a degree program, I think it is important to distinguish between nontraditional students and traditional students. Nontraditional students are very anxious to go year-round, and you will see this happen at community colleges and at regional State colleges.

It is not clear that traditional college students really want to accelerate their time to a degree. A school like Dartmouth can make students do it because it is a selective institution. It is just part of the deal. You come there; you are going to do it.

A few years ago, several schools moved to a 3-year degree model and we got a lot of calls about it from the media. What was quickly discovered was that there were not a whole lot of students who wanted to go to school year-round.

Senator ALEXANDER. That is true. I have studied that.

I am thinking more of the fact, and Dr. Trachtenberg, whom you know, and formerly from G.W. said—although he never did it—that he could operate two full colleges every year in the same facility he had if he just scheduled it properly. In other words, you could have two sets of people doing a regular 4-year degree with a full utilization of the building.

If that were true, why is not someone doing it?

Mr. LINGENFELTER. Maybe because there are not enough students to fill it twice.

Senator ALEXANDER. Well, maybe.

Mr. LINGENFELTER. In other words, that is——

Senator ALEXANDER. But you said enrollment was way up.

Mr. LINGENFELTER. It is way up and there are a lot of stretching at the seams to meet that as well.

Mr. HARTLE. That is true.

Ms. PHILLIPS. I would also add in that discussion that the foundation of choice in competition is based on the particular consumer who is choosing and making use of that competition, and in the higher education world, that is the student. It is not necessarily the cost of tuition.

The student who does not want to go to school in the summer versus the one who really wants to get their higher education degree in a minimal amount of time, it is the student. It is the international student, the student who is looking for something 50 miles down the road. It is the student who is driving it.

While something like a 12-month curriculum makes lots of sense, and I actually would argue with the faculty assignment on that, it may not be something that the students would come for. We might compete on that, and there is no market.

Senator ALEXANDER. Yes.

Mr. HILL. Senator, I would like to address your question about why we do not get more innovation; a number of Senators have mentioned that today.

I find I am in agreement with both points of view. I agree with Terry in that there is a lot of innovation going on in higher education, but we are not scaling it at all. I suggest that the reason we are not is in one of those recommendations you received from President Gardner and that is the "autonomy" word.

Institutions can choose to innovate or can choose not to. The way we are going to get more innovation is to incentivize good results that are only reachable by incorporating some innovation.

Senator ALEXANDER. Mr. Chairman, this has been a terrific hearing.

What was going through my mind is I hope we include in our panel some of the Governors, because I was thinking if the President really wanted to get a lot of this done, I think I would call the Governors together every 3 months and get them going on it, and then Governor Haslam, from our State would say, "Well, look what we have done at the University of Tennessee," and somebody from New Hampshire will go back and try the same thing. That would have a major impact, I think, but I am not sure we Senators can summon all the Governors. We might ask a few to come to a hearing.

The CHAIRMAN. We might do that. I cannot help but also just comment again on this innovation. As I said, in the 1950s and 1960s the automobile companies, they innovated, but they did it within their own confines.

Senator ALEXANDER. Yes.

The CHAIRMAN. They made it fancier, and flashier, and all that kind of stuff.

Maybe I am nitpicking here, but I see so many colleges now advertising to perspective students about their new dining facilities, and they have new chefs that are world acclaimed. That the residence halls now are, I would not say luxurious, but bordering on pretty darn nice and they sell that to perspective students.

> "You can come here. Look, you have all this, and then look at our recreational facilities. We have everything you would ever want to do recreationally here, and you have a great lifestyle here at the college."

Is that the kind of innovation we are talking about?

Mr. HARTLE. I think two observations. One, a lot of the specific examples you have done are in the case of traditional colleges and universities, and traditional students, which is about 20 percent of the total. Most college students do not particularly care about the dormitories or the chefs.

Traditional colleges are in competition with each other, and whether traditional colleges like it or not, there are an awful lot of consumers who want to see nice dining halls, who want to see nice residence halls, and they need to compete with each other to have the things that will attract students. If they do not attract students, they go out of business.

The CHAIRMAN. Like the automobile companies, why are they not competing on quality, and graduation rates, and lower cost for the students to go to that school rather than a fancier car?

Mr. HARTLE. Some schools are electing to compete on lower cost.

Just this week or last week, excuse me, there was a college in Minnesota that announced it was going to cut its costs dramatically

from $27,000, I think, to $16,000. Other colleges have done that, going back as far as the early 1990s when Muskingum College did it in Ohio. What usually happens is that they see a surge in enrollments for a year to two, and then it levels off. Price turns out, if there is a big publicity to tuition drop, turns out to be something that attracts people, but only for a relatively short period of time.

Higher education, particularly for residential students in areas of the country like Iowa where the population is not growing, is extraordinarily competitive. Institutions compete with each other. It is a little different for very selective institutions like Dartmouth or Grinnell. But if you are looking at schools where a drop of 50 students can have a serious impact on the institution's budget, frankly, they are very attuned to what their consumers want right then.

At the same time, they are looking down the road because they can see that knowledge is no longer place-bound, but they have to meet a budget every year that depends on getting an adequate number of students to enroll, and they have got to serve those consumers.

Senator ALEXANDER. You are making me think. College presidents look at this all the time and what we find is some families, some students think a higher price means it is a better product, just like a car or a bottle of wine, and so, they go for that.

I saw a survey once that showed that the major reason a student picked a particular school was the physical characteristics of the campus. Was it a good looking campus?

Dr. Hannah said way back in Michigan years ago that when he was trying to buildup Michigan State, he said, "Give me a football team, and I will catch Michigan in 20 years," and he about did. He used that football team to build popular support for his State university and contributions and others. If you have a marketplace, I guess the institutions offer what the students want.

Increasingly, particularly with the arrival of online education and the phenomenon that Dr. Hartle mentioned, which is knowledge is here now, that may be the most important driving force over the next 20 years—lowering costs.

The CHAIRMAN. It has been a great hearing. I think we kicked off right.

I have some other questions that I know I personally wanted to ask regarding the triad and accreditation, but we got off that a little bit.

I will leave the record open for 10 days for Senators to submit questions in writing and hopefully you will respond to those as we submit them to you.

Again, I want to thank all of you for being here to share your knowledge on this.

As I said in my opening statement, we need to take a tough look at re-imagining how our higher education system can work better. Maybe we do need to start from scratch. I do not know. That might be alarming, but maybe that is something we ought to think about. I think we all agree it is no time for the status quo, and I look forward to working with Senator Alexander and our colleagues on both sides as we continue this series of hearings.

With that, the committee will stand adjourned. Thank you all very much.

[Additional material follows.]

ADDITIONAL MATERIAL

RESPONSE BY PAUL LINGENFELTER, PH.D. TO QUESTIONS OF SENATOR MURRAY AND SENATOR WHITEHOUSE

SENATOR MURRAY

DEGREES AND CERTIFICATES THAT DO NOT HAVE THE QUALITY TO TRANSLATE INTO A JOB WITH A LIVING WAGE

Question 1. In the recent years we have seen many instances when students, especially veterans, have used their Federal financial aid to attend a higher institution of their choice. Yet they graduate with a degree that does not translate into a career or a job that provides a livable wage. What change to the accreditation process would you recommend to ensure our students and veterans are receiving a quality degree?

Answer 1. I believe the academic community needs to develop clear standards for the knowledge and skills signified by different degrees and certificates and those standards should be shared among accreditors and used to hold institutions accountable for student learning. Such standards need not and should not be unreasonably detailed and inflexible, but they must be meaningful to students, faculty, and employers. They should include both knowledge and the ability to use knowledge productively.

The ability of graduates to make a living is a reasonable indicator of what they know and can do as well as an indicator of the quality of their education. General knowledge and skill (communication skills, quantitative reasoning, and the ability to understand other people and the context of real world problems) are required in every job that pays a living wage. They are also required for the ability to adapt to the inevitably changing conditions and demands in the workforce. Developing such capabilities should be a required objective in every postsecondary curriculum.

While general skills will be employed in every demanding job, it is of course useful also to encourage students to develop specific capabilities for particular jobs. Accordingly, colleges and universities seeking to be effective in job training as well as general education would be well-advised to develop partnerships with employers to achieve high rates of employability after graduation. I expect that the greatest, persistent incidence of failure to find work after graduation occurs in programs that: (1) fail to develop fundamental general skills; (2) prepare more students for specific jobs than the market demands; and (3) lack robust relationships with employers to be sure the programs meet their needs for skills as well as an appropriate number of graduates.

Accreditation Process and "Bad Actors"

Question 2. Is there anything in the accreditation process that keeps bad actors from getting access to Federal student aid programs?

Answer 2. Traditionally the accreditation process has worked from the premise that the "standard" for accreditation is based on the institutionally defined mission, not a standard that applies to all institutions offering a particular degree. Without external standards it is difficult to exclude "bad actors" until the evidence of failure through loan defaults or exceedingly poor graduation or job placement rates makes the situation obvious. By then, many students have been harmed, and many dollars wasted.

I have suggested earlier that coherent qualification standards for knowledge and skill for every specific degree should be used by all accreditors. I've also suggested that a standardized test should not be employed for this purpose. Let me conclude by describing how the quality of degrees can be ascertained without excessive or too-narrow standardization.

Something like the Degree Qualifications Profile or similar frameworks used in other countries should be the benchmark used by accreditors in the United States. Institutions should be required to provide evidence, which can be externally validated by objective outside reviewers, that their students meet those broad standards before they are awarded a degree. Such evidence should include randomly selected samples of student work, projects, essays, and other "artifacts" that are representative of what students know and can do. It could also include results from one or more standardized test results where such tests are relevant and helpful, especially in professions that employ such tests for licensure.

A new institution without a track record would be required to demonstrate that its curriculum and its faculty is focused on developing such knowledge and skill before receiving State authorization to begin operations. It would also be required to demonstrate the capability of helping the students it intends to admit achieve those

standards. Then the institution would have the benefit of a clear standard (not one that can be easily "gamed" by teaching to a single test) by which its performance will be judged. Accreditors and those responsible for maintaining institutional integrity and the effectiveness of public would have standards for meeting their responsibilities once students emerge from the program.

The evidence of student learning gathered in this way would not be as easily compared among institutions as the results of a single, standardized test. It would be far superior to having no evidence at all because there are no coherent standards shared within the entire industry. This approach would be far superior to a single test that could never adequately measure the full range of important outcomes sought in higher education or achieve credibility within the academic community.

I believe such an approach for assessing student learning and assuring quality would work both to prevent abuses and improve quality throughout higher education.

Thank you for the opportunity to submit these additional comments. I would be happy to elaborate or respond to further questions should that be helpful.

SENATOR WHITEHOUSE

Innovation in Higher Education

Question 1. Can you provide reference to what you believe are the top two or three studies on innovation in higher education, especially those that compare higher education to other industries?

Answer 1. The recent collection of essays in *Game Changers* (*http://www.educause.edu/research-publications/books/game-changers-education-and-information-technologies*) published by Educause is a good collection of recent examples of innovative work in higher education, especially innovation involving technology. It provides both a broad overview of the issues and numerous examples of innovative practices at the institutional level in the United States and Canada.

Clay Christensen, the author or principal author of *The Innovator's Dilemma* and *Disrupting Class* (as well as many other books) has studied change in many industries and seeks to apply what he has learned to education. Christensen's work has, for good reason, received a good deal of attention among educators and policymakers. Clearly information technology is providing dramatic improvements in the speed, scope, and methods by which students and faculty can retrieve and make use of information. As can be seen in *Game Changers* these opportunities are increasingly being exploited.

As important as Christensen's work is, however, it is not likely to be the "last word" in foreseeing the future of education. Decades ago Peter Drucker predicted that "brick and mortar" universities would soon be obsolete. Experience since then indicates that "soon" was a significant miscalculation. Those aspects of higher education that involve human interaction, questioning, debate, coaching, and exploration, can be enhanced, but are easily replaced by technology. On-line instruction has grown rapidly, but it is far from displacing other methods.

An article I wrote (recently published in *Liberal Education http://www.aacu.org/liberaleducation/le-sp13/lingenfelter.cfm*) outlines the essential changes I believe are needed to achieve higher levels of educational attainment and explains why technology alone is not the answer to every educational problem. In addition to making effective use of technology, I believe we need to develop clear, more explicit learning objectives, better approaches for engaging students in challenging, problem-focused work, and better ways of improving instruction by providing credible feedback on student achievement to instructors. Student achievement should be measured not simply in terms of the knowledge they have absorbed and can reflect in a paper and pencil test. It should be measured in what they can do: how they can make use of knowledge and skill to solve complex, unscripted problems and do creative, productive work.

The Effectiveness and Cost of the Triad

Question 2. Are you aware of any estimates of what the overall costs is, including government agency budgets and school compliance costs, to run the Triad system of oversight? How has its effectiveness been mentioned in any formal way?

Answer 2. I know of no formal, systematic assessments of the effectiveness of the triad, nor do I know of comprehensive studies of its cost. In the event it may be useful, however, I will share some information and a few impressions to supplement my written testimony.

Accreditation: Most of the work of accreditation is done by volunteers, not paid staff, and most of the work of accreditation (the work related to continuous, in-depth

quality improvement) goes far beyond the essential requirements I believe are needed for title IV eligibility.

I believe many institutions (perhaps most, but not all) would seek accreditation and bear the costs of accreditation whether or not title IV eligibility were at stake. Accreditation gives them a means of staying current with the standards and values of the professions (including education generally as well as all other professions and occupational fields with clear standards), it gives them a "seal of approval" which students and employers can rely on, and it provides an external means for assuring accountability and quality and for promoting improvement.

Full-scale accreditation has required both more than is really needed for title IV eligibility and, paradoxically, less than is needed to be effective in assuring that "bad actors" can be prevented from enrolling students, treating them badly, and wasting title IV funds. Accreditation is more than is required because it takes a broad, comprehensive view of institutional performance and quality, dealing with issues that are not fundamental to the essential requirements for title IV eligibility. It is less than is required because we have multiple accreditors without generally accepted common standards among them for general education at the postsecondary level (except where the professions impose such standards). Because the stakes for title IV eligibility are very high and accreditors have no common, clear benchmarks, they generally have found it difficult to make categorical judgments that would deny title IV eligibility unless they have overwhelmingly negative findings on a variety of measures.

These are the reasons in my full testimony that I urged that for title IV eligibility accreditors adopt shared standards for postsecondary degrees and certificates, hold institutions accountable to those standards for the degrees and certificates they award, and also hold institutions accountable for a reasonable success rate for the students they recruit and enroll. This is not an argument for "Federal standards," and it is especially not an argument for a Federal or national standardized test. It is an argument for defensible, coherent academic standards such as those employed in many other advanced nations, an example of which can be found in the Degree Qualifications Profile, now being field tested in the United States. In other nations institutions are required to demonstrate that they use such standards for guiding instruction and that they collect and can present evidence that students meet those standards before receiving a degree.

I believe that title IV eligibility could be both more effective and more efficient if such a qualification framework were employed. Full accreditation would and should go further, but it need not be a requirement for title IV eligibility if accreditors and the Federal and State governments have other means to assure the quality of degrees and the adequacy of student success rates.

The States: Except for the oversight of public institutions, most States have made only modest investments to provide quality assurance and consumer protection in postsecondary education. Most of the States with a staff dedicated to this function employ only a handful of people for this purpose, largely or entirely supported by institutional fees.

States have generally done just what they felt necessary for institutions operating within State boundaries, which helps explain the minimalistic approach taken. The regulatory requirements in any single State have rarely been a significant issue to institutions (except when there are disagreements about standards), but when institutions operate in *many* States through distance education the cost of gaining authorization is multiple States can become an intolerable burden.

In my view, all States need an effective mechanism for receiving and resolving consumer complaints that are not resolved at the institutional level. This will require many States to improve what they do now, but it should not require excessive cost or regulatory burden, especially if States, accreditors, and the Federal Government avoid unnecessary duplication of each other's role and develop better, more transparent working relationships.

This function is necessary at the State level because accreditors have no legal powers to deal with consumer protection from fraudulent, or sub-standard business practices, and the legal powers of the Federal Government are insufficiently broad to deal with many of the specific issues that have arisen.

The Federal Government: I have no information about the level of staffing and cost of Federal oversight for title IV. Some in higher education believe additional efforts and resources for assuring financial oversight and evidence of acceptable student outcomes are required. Others quarrel with how the Department does its job.

My impression is that the Department of Education is making and has made a good faith effort to respond to the requirements of the laws passed by Congress and its responsibilities as a good steward of public funds. While I'm sure there is room for improvement, I believe the Department receives a good bit of unjustified criti-

cism given the financial and legal constraints it must work within. The laws are detailed and complicated, higher education is a very large industry, and the stakes are high both for students and the public. The higher education community and the Congress would do well to start fresh in a serious, good faith effort to develop a regulatory framework that can be effective and efficient. I believe such a framework would be welcomed by the Department.

RESPONSE BY TERRY W. HARTLE, PH.D. TO QUESTIONS OF SENATOR MURRAY AND SENATOR WHITEHOUSE

SENATOR MURRAY

Question 1. In recent years we have seen many instances when students, especially veterans, have used their Federal financial aid to attend a higher institution of their choice. Yet they graduate with a degree that does not translate into a career or a job that provides a livable wage. What changes to the accreditation process would you recommend to ensure our students and veterans are receiving a quality degree?

Answer 1. Research has demonstrated the many benefits of college, including increased lifetime earnings, greater civic engagement, and reduced likelihood and length of unemployment. While these benefits hold true for most, unfortunately, there have been cases where individuals have used Federal student aid or veteran benefits to attend programs that have not had proper programmatic accreditation. For instance, a student might have attended an ultrasound technician program but because the program was not accredited by the appropriate programmatic accreditor, the student was unable to receive a license.

Programmatic accreditation is a very technical process and one that is separate and distinct from the institutional accreditation process discussed at the hearing on the Triad. However, one recommendation to address this serious issue you raise would be to ensure that ED is vigilant about its misrepresentation rules. These regulations prohibit institutions from making false or misleading statements about their accreditation (institutional or programmatic), or any other material aspect of their programs (e.g., job placement rates). We have long relied on a system that allows students to receive aid and use it at the institutions of their choice, and I continue to believe that this system has served us well. However, we need to ensure that students have the information they need to make sound decisions, while at the same time remembering that too much information and detail can be as unhelpful as not enough.

Veterans need similar information to make sound decisions about where to use their hard-earned GI Bill benefits. Your legislation, the Improving Transparency of Education Opportunities for Veterans Act of 2012, which was signed into law in January, takes important steps in this direction by ensuring that the VA will help veterans understand the important differences between these two types of accreditation.

Question 2. Is there anything in the accreditation process that keeps bad actors from getting access to Federal student aid programs?

Answer 2. Regional accreditation provides a number of important safeguards to help protect Federal student aid funds, often in collaboration with other parts of the Triad. For example, during a review, a regional accreditation review team may spot irregularities that are often shared with appropriate State and Federal entities for further action. Another important but less well-known way that accreditors protect access to Federal student aid funds is through the institution's initial application. It is not uncommon for regional accreditors to find that there is not sufficient evidence of quality to allow certain institutions to proceed toward accreditation, and accordingly, these institutions are denied access to Federal aid. ACE recently convened a commission on the future of accreditation and issued a report along with a series of recommendations to strengthen and reinforce the value of this system, which can be found here: *http://www.acenet.edu/news-room/Documents/Accreditation-TaskForce-revised–070512.pdf.*

SENATOR WHITEHOUSE

Question 1. Can you provide reference to what you believe are the top two or three studies on innovation in higher education, especially those that compare higher education to other industries?

Answer 1. According to my research colleagues at ACE, there is little in the way of studies that comprehensively examine the subject of innovation across the entire American system of higher education, and/or compare those innovations to other in-

dustries. This is due, in part, to the fact that innovation is occurring along a number of dimensions. For example, higher education has embraced innovations in learning and delivery modalities; completion; reduction of time to degree; assessment of prior learning; student learning outcomes; cost reduction; and so on. There has been a great deal of transformation and innovation happening at college campuses nationwide in the last decade and I expect it is a trend that will accelerate. Attached in Appendix A is a sample of some of the many innovative models occurring across campuses.

Question 2. Are you aware of any estimates of what the overall cost is, including government agency budgets and school compliance costs, to run the Triad system of oversight? How has its effectiveness been measured in any formal way?

Answer 2. While the Triad has served our higher education system well, like any properly functioning oversight system, it requires an investment of resources. I have not seen research quantifying the costs of all three parts of the Triad, but some estimate that conservatively, it would run in the tens or hundreds of billions of dollars annually. There are the costs of the Department of Education's (ED) oversight activities, the costs incurred by institutions for complying with Federal and State regulatory requirements, and costs to States associated with performing their authorization and consumer protection functions. Preparing for an accreditation review can top $1 million for some institutions. While regional accreditation commissions operate on lean budgets and staffs, this is a costly endeavor supported largely by member dues. In addition, regional accreditation relies on substantial in-kind contributions from teams of volunteers who bring years of experience and expertise to the institutional review process. Building an entirely new, and yet comparable, quality assurance system from the ground up would require a massive infusion of money—and it is unlikely that an alternative source could be found to provide the required investment in resources. The substantial cost required to create and sustain a regional accreditation commission is one reason why there are only seven regional accrediting bodies in existence today. Finally, accreditors incur costs associated with the recognition process at the National Advisory Committee on Institutional Quality and Integrity, a process which accreditors report has become increasingly time-consuming and burdensome. For more information, please see the report of ACE's National Task Force on Institutional Accreditation, which provides recommendations for how the effectiveness of the system can be strengthened and improved. It is available at *http://www.acenet.edu/news-room/Documents/Accreditation-Task Force-revised–070512.pdf.*

APPENDIX A: EXAMPLES OF INNOVATIVE PRACTICES ON CAMPUSES

MULTI-STATE COMMUNITY COLLEGE "WIN-WIN" PROJECT

Over the past 3 years, 64 community colleges and 4-year institutions in nine States (FL, LA, MI, MS, NY, OH, OR, VA and WI) joined the national project "Win-Win" to identify former students who are "academically short" of an associate's degree by no more than 9 to 12 credits and work to bring them back to complete the degree. The institutions identified a pool of 41,710 students who could benefit from the project and conducted degree audits for each student, showing them an individualized path toward completion. If similar efforts were applied across all public institutions, the Win-Win project estimates there would be a roughly 15 percent one-time increase in the number of associate's degrees awarded nationally.

GEORGIA TECH ONLINE MASTER'S DEGREE PROGRAM

Georgia Institute of Technology (Georgia Tech) is partnering with Udacity and AT&T to offer an unprecedented kind of online master's program in computer science beginning January 2014. The online courses will be free and open to anyone, just like MOOCs, but students wanting an official master's degree will have access to teaching assistants and have their assignments graded. They will need to go through the admission process and pay tuition of $134 per credit, compared with the normal rates at Georgia Tech of $472 per credit for in-state students and $1,139 per credit for out-of-state students. Enrolling in the program does not require travel to campus, providing further savings for students on commuting and/or room and board.

ENHANCED STUDENT SUPPORT SERVICES/OUTCOMES

Austin Peay State University (TN) created a "Degree Compass System," which uses predictive analytics techniques based on historic grade and enrollment data to

make recommendations to students about the courses that they need for their chosen program, and ranks the courses according to their projected grades. In addition, the program can predict which major a student will find the most success in.

REMEDIAL EDUCATION REFORM

Two instructors at Los Medanos College (CA) set out to improve remedial math education at the college and help students successfully complete a college-level math course. The accelerated algebra course, called "Path2Stats," is a single, six-unit course that students can complete to move directly to transfer-level, credit-bearing statistics. An alternative to the three- to four-semester remedial pipeline, it includes some intermediate algebra, but leaves out the nonessential parts for students to succeed in college-level statistics. In recent offerings, students who enrolled in Path2Stats were more than four times as likely to complete college-level math as their peers in traditional remedial sequences.

WASHINGTON STATE COMMUNITY COLLEGES' "I–BEST" MODEL

The 34 community colleges in the State of Washington are implementing the Integrated Basic Education and Skills ("I–BEST") model, where instructors and professional technical faculty jointly design and teach college-level occupational classes that incorporate basic-skills components. This model allows basic skills-level students to take college level work, and receive college credit, while at the same time, learn the basic skills they need to move forward with their postsecondary education. More than 3,000 students are enrolled in I–BEST programs each year. I-BEST students have been found to be three times more likely to earn college credits, nine times more likely to earn a workforce credential, employed at double the hours per week (35 hours versus 15 hours), and earning an average of $2,310 more per year than similar adults who did not receive the training. The I-BEST model is being adopted in 20 other States.

THREE-YEAR BACHELOR'S DEGREE PROGRAMS

Manchester University, (IN), Franklin & Marshall College (PA), Hartwick College (NY), and Southern New Hampshire University are among a number of schools that have experimented with 3-year bachelor degree programs. These programs typically combine more intensive schedules in regular semesters combined with additional coursework in summer and/or winter sessions. The savings in tuition, fees, and room and board for students in these programs can be substantial: for example, in the case of Manchester University, a student on the 3-year program can save approximately $25,000. A 3-year degree program is a viable option for students who can commit to a major early in their undergraduate career. Institutions often prioritize course registration for such students to help them stay on the 3-year track, and provide additional academic and financial aid advising.

COURSE REDESIGN

This is the process of redesigning entire courses (rather than individual classes or sections) to achieve better learning outcomes at a lower cost by taking advantage of the capabilities of information technology. Led by the National Center for Academic Transformation, the ongoing redesign projects have impacted 159 institutions nationwide since 1999. Of the 156 completed projects, 72 percent improved student learning outcomes and the instructional costs have been reduced by 34 percent overall.

RESPONSE BY MARSHALL A. HILL, PH.D. TO QUESTIONS OF SENATOR MURRAY AND SENATOR WHITEHOUSE

SENATOR MURRAY

Question 1. In the recent years we have seen many instances when students, especially veterans, have used their Federal financial aid to attend a higher institution of their choice. Yet they graduate with a degree that does not translate into a career or a job that provides a livable wage. What changes to the accreditation process would you recommend to ensure our students and veterans are receiving a quality degree?

Answer 1. Big question, with no big, single answer. First, matching education and training with available jobs is challenging, due to many factors: rapidly changing labor needs, impact of technology, general economic trends, etc. Second, students often choose what they want to study without thinking much about how they will make their added knowledge and skills generate a living wage.

Personally, I believe the best approach is to ensure that graduates are flexible—including the graduates of relatively short-term, job-focused training programs. To me, that means requiring students to take a curriculum that includes rigorous general education and yields good reading, math, and communication skills. Accreditation needs to continue to insist on that.

Institutions can do a lot to keep their academic programs up to date: advisory committees, judicious use of professionals working in the field as adjunct faculty, etc. Accreditors can help ensure that institutions do those things.

The U.S. Department's much-maligned "gainful employment" rules touch on this issue as well. I think they need to be strengthened.

Question 2. Is there anything in the accreditation process that keeps bad actors from getting access to Federal student aid programs?

Answer 2. Yes, but I think that accreditation standards in general could be strengthened, as well as institutional requirements for participation in Federal title IV programs.

The main issue is that accreditation was designed for institutional improvement, using the suggestions of respected individuals from peer institutions. It's more successful doing that than its newer role of enabling access to Federal student financial aid.

Some problems:

a. Some accrediting bodies cover too large a gamut of institutions, resulting in nebulous standards.

b. A broader range of meaningful sanctions is needed, by both accreditors and the U.S. Department of Education. The "nuclear option" of loss of accreditation (which effectively means loss of access to Federal financial aid, as well) is an institutional "death knell," very seldom used.

c. Troubled institutions need to be reviewed more often than they are. And as much as we care about institutions, we should care more about the students they serve. Allowing ineffective institutions to continue doesn't serve students as they should be served.

d. The 90/10 rule needs to be changed to include funds provided to veterans as part of the 90 percent.

e. The U.S. Department of Education should revisit the methods it uses to measure the financial viability of non-public institutions and be more transparent about the results.

SENATOR WHITEHOUSE

Question 1. Can you provide reference to what you believe are the top two or three studies on innovation in higher education, especially those that compare higher education to other industries?

Answer 1. I have reviewed the response to Senator Whitehouse's question provided by my friend and colleague Paul Lingenfelter, and I second his suggestions—especially the State Higher Education Finance Report (SHEF), provided annually by the State Higher Education Executive Officers Association (*www.sheeo.org*).

Clayton Christensen has written extensively on innovation in higher education, and he includes some comparisons with other industries. See especially *The Innovative University: Changing the DNA of Higher Education from the Inside Out*.

And finally, the work of the Delta Cost Project (*http://www.deltacostproject.org/*)

Question 2. Are you aware of any estimates of what the overall costs is, including government agency budgets and school compliance costs, to run the Triad system of oversight? How has its effectiveness been measured in any formal way?

Answer 2. I am not aware of any such estimates. Nor am I aware of any formal measures of the effectiveness of our "triad" system. Some reasons such studies haven't been done: likely difficulty in reaching agreement on cost allocations, likely disagreement on how to measure "effectiveness" (against what standards?), and general belief that our country would not support a more centralized, Federal oversight system (as is common in many developed countries) nor provide financial support for higher education without some system of oversight. I believe that we need to improve the functioning of all triad partners.

[Whereupon, at 12:15 p.m., the hearing was adjourned.]

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