

**REAUTHORIZING THE HIGHER EDUCATION ACT:
EXPLORING BARRIERS AND OPPORTUNITIES
WITHIN INNOVATION**

HEARING

OF THE

**COMMITTEE ON HEALTH, EDUCATION,
LABOR, AND PENSIONS**

UNITED STATES SENATE

ONE HUNDRED FOURTEENTH CONGRESS

FIRST SESSION

ON

**EXAMINING REAUTHORIZING THE HIGHER EDUCATION ACT, FOCUSING
ON EXPLORING BARRIERS AND OPPORTUNITIES WITHIN INNOVATION**

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JULY 22, 2015
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REAUTHORIZING THE HIGHER EDUCATION ACT: EXPLORING BARRIERS AND OPPORTU- NITIES WITHIN INNOVATION

WEDNESDAY, JULY 22, 2015

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

The committee met, pursuant to notice, at 10:01 a.m., in room 430, Dirksen Senate Office Building, Hon. Lamar Alexander, chairman of the committee, presiding.

Present: Senators Alexander, Cassidy, Murray, Casey, Franken, Bennet, Whitehouse, Baldwin, and Warren.

OPENING STATEMENT OF SENATOR ALEXANDER

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

Clark Kerr was the president of the University of California, and he wrote a book in 2001 which he called *The Uses of the University*. He said this, that of 85 human institutions founded before 1520 and largely unchanged today, 70 are universities. Of 85 institutions founded before 1520 and largely unchanged today, about 70 are universities. As for the other institutions, well, among them are the Catholic Church and the Isle of Man.

Kerr wrote,

“Universities are among the most conservative of all institutions in their methods of governance and conduct and are likely to remain so.”

If that’s true, maybe we ought to pack up and head home, but I don’t think so. The purpose of this is to point out that universities are changing, and certainly the world around universities is changing. First, there are more people attending. At the end of World War II, only about 5 percent of the population 25 and older had earned a college degree. When the Higher Education Act was signed in 1965, it was only about 10 percent of the population that had a college degree. Thirty-two percent of Americans 25 and up have a college degree.

Second, our campuses have students that are much more diverse. Forty percent are 25 years or older, come to college having experiences in the workforce. Of the 21 million students in higher education, only one-third are full-time undergraduates under 22 years of age. Only 19 percent live on campus. They come from a wide array of backgrounds.

And third, employers need workers with post-secondary degrees more than they did before. A Georgetown University economist says we'll be 5 million short in 2020 of people with proper post-secondary skills.

Congress needs to help colleges and universities meet those needs, and we may need to consider new providers of education that don't fit the traditional mold.

I have two questions for today's hearing, and I'm looking for some answers from our distinguished panel. How can we help colleges find new ways to meet students' changing needs? Are there any practices we have that discourage colleges and universities from innovating? And second, should the Federal Government be considering a new definition for the college or university? There are many new learning models that are entering the landscape, thanks to the Internet. We need to consider what role they play in our higher education system and whether financial aid ought to be available to students who are learning outside our traditional institutions.

I'd like to put my entire statement in the record, but let me summarize just a few points that are in the remaining part of it.

On the question of innovation, one of the most promising innovations is called competency-based learning. How do we deal with that? A working mom studying at the University of Wisconsin has an Associate's degree in nursing, wants to get her Bachelor's in nursing to increase her earning potential. Through the university's new flexible option, she's able to earn credits and finish tests and assignments on her own time, including between her shifts and her son's baseball game. Because the degree program is based on her ability to demonstrate knowledge of the subjects rather than her ability to sit through courses, she might finish a biology course in 8 weeks but only 3 weeks in a mathematics course.

The task force that Senators Mikulski, Bennet, Burr and I commissioned, said that government regulation is a barrier to innovation. They cited a 2010 Department of Education regulation establishing a Federal definition of a credit-hour as a minimum of 1 hour of classroom instruction and 2 hours of outside work. How that definition affects student aid and the organization of our colleges and universities ought to be a subject that we talk about today.

The Congress recognized this before in 2005 when, we authorized something called "direct assessment," but it's only been used six times for six institutions to try to find a way to include competency-based learning into the way we do business.

The other barrier to innovation may be accreditation. Accreditation is old-fashioned in many ways. We haven't figured out a real alternative to the way we do accreditation, but there may be ways to improve it.

On the second point of providing new providers for higher education, there are organizations that don't look like the traditional college and university, places like General Assembly, schools that hire industry experts from places like Apple and Cisco, to teach adult students skills that today's employers value, or StraighterLine where students pay under a monthly subscription fee with credentialed teachers, or attending a Massive Open Online

Course, a MOOC. Those are different ways. The Mozilla Foundation develops and gives digital badges for those new learners.

We Senators and President Obama have made suggestions about how to create new ways that higher education can provide education. The President in his 2013 State of the Union address talked about a new system that would provide pathways for higher education models and colleges to receive Federal student aid based on performance and results. Senator Lee, Senator Bennet and Senator Rubio all are working on legislation with a similar goal. I look forward to hearing what today's witnesses have to say.

Senator Murray.

OPENING STATEMENT OF SENATOR MURRAY

Senator MURRAY. Thank you very much, Mr. Chairman. We had a successful last week on our bipartisan K-12 bill on education, and that bill I think really showed that we can break through the gridlock and work together, and I'm looking forward to continuing to work with you to get that through a conference committee and get a bill that the President will sign into law, so thank you for that. I hope that we can continue that bipartisan spirit as we now work on higher education as well.

To me, this is an important piece of work that we're talking about today to help us grow our economy from the middle out. In the years ahead, our country will need a highly educated workforce to compete in the 21st century global economy, and most jobs will require education or training beyond a high school diploma. But today there are significant barriers, from the high cost of college to the crushing burden of student debt that our students face.

In addition, the traditional model of higher education doesn't always work for students who need to hold down a job or care for a child while trying to advance their education. Because of those barriers, far too many students, particularly our students from low-income backgrounds and non-traditional students, end up dropping out of college and not completing their degrees.

I'm certainly interested in innovative ways that would help us solve those challenges so that more students from all walks of life have strong, clear pathways into and through higher education, and I'm open to a conversation about how Federal rules and funding can best incentivize the motivation that has proven results.

Over the last several years, some colleges have developed programs for students to gain knowledge and skills at their own pace. These competency-based programs focus on student learning rather than how many credit-hours a student has completed, and they hold a great deal of promise. The Department of Education is running some experimental sites on new ways of measuring student learning as we speak. I look forward to seeing those results.

We've also seen some companies and providers begin to provide education and training outside of accredited colleges and universities. Some argue that these new providers of higher education should have access to Federal student aid from title IV. From my perspective, the best test of innovation is in its outcomes. In other words, before an innovative model of higher education ever becomes eligible for Federal student aid, we should be sure that it

leads to good results for the students and helps us break down the barriers, like the ones I just mentioned.

Today I'm looking forward to hearing from our witnesses on how we can test innovations to make sure that they will lead to good student outcomes. I'd also be interested in if the research from those innovative programs shows they actually expand opportunities for students from low-income backgrounds and our non-traditional students.

Finally, I know that several of our Republican colleagues are interested in shaking up the current higher education system, the sooner the better, but I think we really have to tread carefully. We need to make changes, but we need to make sure those changes move us in the right direction and protect students and their interests.

Through research and demonstration projects, we should make sure these new ideas are making a positive difference in students' lives. Simply opening up access to Federal student aid without any accountability for any company or institution that offers an alternative to traditional higher education would fail to protect consumers, and Congress has already given tools to the Department of Education to test some new ideas to see if they work through what we call experimental sites.

Recently we've seen some institutions lure in students, and their Federal aid with them, with misleading and outright false information about their job placement prospects. We can't let that happen with these alternative models for higher education. It would be too risky for students who would acquire mountains of student debt without the ability to repay it and without a widely recognized credential or degree. Without strong accountability measures, allowing companies and institutions to accept Federal student aid would be irresponsible to our taxpayers.

If these new models were to receive Federal student aid, I'm especially interested in making sure they are accountable to their students and to Federal taxpayers.

Throughout our discussion today and as we continue our work to reauthorize the Higher Education Act, I will continue to be focused on how best to reduce the crushing burden of student debt, how to make college more affordable, and to make sure students from all walks of life get the chance to further their education. Achieving those goals is an economic imperative, and it will pay off for generations to come.

I look forward to our witnesses who are here today. I thank all of you for coming and testifying and look forward to what you have to say.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Murray.

I want to acknowledge Senator Murray's comments about legislation that passed the Senate 81 to 17 on Thursday to fix No Child Left Behind. I don't want to embarrass Senator Murray, but she suggested the way we should proceed on that, and it worked. I took her advice. She gave me good advice, and I took it, and it turned out to be good advice, which was that she and I would offer a draft, a bipartisan draft, and then let the full committee work on it and offer whatever amendments they needed to, and then go to the

Senate floor and let the Senators do the same, and let Senator McConnell and Senator Reid create an environment where we could do that. We ended up with about 100 amendments on that bill, 29 in committee that were adopted, 75 or so that were adopted on the Senate floor.

I think for complex legislation like elementary and secondary education and the reauthorization of the Higher Education Act, I think we should try to proceed in the same way. Senator Murray and I will, after consulting with our committee members, will suggest a draft of a bipartisan bill in the early fall, and then we'll have plenty of opportunity to debate it, amend it here in committee, and hopefully we'll report it, and we'll do the same on the Senate floor.

I think it's important for Congress to come to conclusions on these big pieces of legislation, and obviously the way to do it is to do it in a bipartisan way and to allow as many Senators as possible to have their say.

Our witnesses today, some have been here before, and we welcome them back. Mr. Jamie Merisotis is president and chief executive officer of Lumina Foundation in Indianapolis. He has served in that role since 2008, providing leadership and strategy to achieve its ambitious and specific goal, which is to ensure that by 2025 60 percent of Americans hold high-quality degrees, certificates, or other credentials.

The next witness, Dr. Barbara Gellman-Danley, president of the Higher Learning Commission in Chicago, one of six regional accrediting agencies in the United States, reviewing institutions across 19 States in the Midwest. She served in a number of leadership positions in higher education.

Our next witness is Dr. Paul LeBlanc, president of Southern New Hampshire University in Manchester, NH. There's probably a lot of traffic in Manchester, NH these days—

[Laughter.]

The CHAIRMAN [continuing]. Some from many members of the U.S. Senate, and other people.

Under Dr. LeBlanc's 10 years of leadership, Southern New Hampshire has quadrupled in size. They're now the second-largest non-profit provider of online higher education in the United States. Earlier this year he took leave for a while to serve as Senior Policy Advisor to Undersecretary Ted Mitchell at the U.S. Department of Education.

Our final witness is Michael Horn, co-founder and executive director of Education Programs at the Clayton Christensen Institute in California. He works to educate policymakers and community leaders on the power of disruptive innovation in education systems, with the goal to transform those systems into student-centered design. He's an author of well-read books, and we look forward to his comments.

We will just begin here and go down the line. If each of you would summarize your remarks in about 5 minutes, that would give the Senators more time to have a conversation with you about your testimony.

Please, go ahead.

**STATEMENT OF JAMIE P. MERISOTIS, PRESIDENT AND CHIEF
EXECUTIVE OFFICER, LUMINA FOUNDATION, INDIANAPOLIS,
IN**

Mr. MERISOTIS. Thank you very much for the opportunity to be here. For better or worse, I've been involved in higher education policy for a very long time, really my entire professional career. I've been involved in every Higher Education Act reauthorization one way or the other since 1986, and I can say without reservation that the next reauthorization, the one that you're now considering, will be the most consequential that I've seen, by far.

The fact is, American higher education is at a critical juncture. That means the decisions that you make will be vital. They can set the stage for the next chapter in our national success story and build the foundation of talent that we need to power our economy and to strengthen our democracy.

The Federal Government is just one actor in the national talent development and deployment story of our country, but the Higher Education Act has certainly helped write that story during the second half of the 20th century. Of course, the 20th century is over. Here we are in the 21st century, and now things are quite different.

What's most different? That's easy. Mr. Chairman, you made this point earlier; it's the students. Today's student is nothing like the student that the 1965 law and most of its subsequent iterations, or really higher education in general, was designed to serve. By and large, today's students are working. They're adults. They're low income, people of color, military veterans, and they have responsibilities and commitments that extend well beyond the classroom.

It's becoming ever more clear that the Nation needs a redesigned post-secondary education system, one that serves far more students, the highly diverse and often disadvantaged students in today's post-secondary programs, and serves them a lot better. By doing more and better, I'm convinced that we will all benefit by having a more talented society. By taking a thoughtful approach to reauthorization, an approach that encourages innovation and supports student success, you can help immensely with this much-needed redesign project.

As you approach this task, I suggest that you take three basic steps, all of them directly linked to the needs of today's students. These steps aren't sequential, but they are interrelated, and so we have to tackle them together.

First, as you seek to encourage innovation, look to create policies that will support and expand clear pathways to high-quality degrees and other credentials. This means recognizing a wider array of post-secondary education providers, experimenting with new ways for students to earn credentials, and directing Federal funds to the providers who best serve those students.

Today's post-secondary system presents a wide range of learning opportunities, far more than were available to the students of the 1960s or 1970s. Each of these levels of learning should be recognized. Given the reality of today's post-secondary landscape, the definition of "provider" must be broadened beyond the confines of what today we call an institution of higher education. That definition must include more online programs, competency-based edu-

cation approaches, college-corporate partnerships, as well as efforts to explore how libraries, apprentice programs, and community-based learning centers might be included in our post-secondary provider definition.

Students need to be able to access new, high-quality, low-cost delivery post-secondary models and credentials, and changes in Federal policy could aid immensely in that process. For instance, rules governing financial aid could be updated to allow students access to year-round aid to pay for learning rather than just time, and to encourage accelerated programs to a degree or credential.

The second step that you must take to foster innovation is to focus on educational quality. That means you must structure the system so that it focuses on outcomes, on actual learning, not on inputs such as time spent in the classroom. This is a critical conversation for all of higher education, but it's especially critical as you consider those new entrants to the marketplace.

Finally, the third step in fostering productive innovation, and it's a critical one, you must take steps to address rising costs. New approaches to post-secondary education hold great promise in reducing costs, and they should be encouraged. To maximize student success, college costs don't just need to be reduced, they need to be demystified. I urge you to use Federal policy to make those costs more transparent, more predictable, and more accessible to students and their families.

I'm happy to explore these steps in more detail. Thank you very much for the chance to be here.

[The prepared statement of Mr. Merisotis follows:]

PREPARED STATEMENT OF JAMIE P. MERISOTIS

SUMMARY

American higher education is at a critical juncture. That means the decisions you make in the coming weeks and months will be vital; they can set the stage for the next chapter in our national success story and build the foundation of talent we need to power our economy and strengthen our democracy.

The HEA has already played a major part in that story. In fact, it's had an almost immeasurable positive impact since it was first passed in 1965. By extending educational opportunity to tens of millions of Americans, the Act played a vital role in the success of this Nation in the second half of the 20th century.

But the 20th century is over; and here in the 21st century, things are different. The fact is, our current higher education system, despite its many strengths and its past successes, won't get us to the future. It cannot properly serve this diverse array of students—certainly not in the numbers that we need to succeed as a Nation.

To encourage innovation and support student success in the next reauthorization, I suggest you take three basic steps—all of them directly linked to the needs of today's students. One note here: The steps aren't meant to be sequential. The issues they seek to address are interrelated and must therefore be tackled together. The steps are:

- **Build clear pathways.**
- **Focus on quality.**
- **Address costs.**

1. First, look for ways **to build or expand clear pathways** to high-quality degrees and other credentials. This includes recognizing a wider array of post-secondary education providers, experimenting with new ways for students to earn credentials, and directing Federal funds to the providers who best serve their students.

2. The second step you must take to foster innovation—again, not a sequential step, but one to take in concert with the others—is **to focus on educational quality**. You must do that, not with the provider in mind, but from the *students'* perspective—with their characteristics and their needs at the forefront. Students must

be confident that the credentials they earn have genuine value—that those credentials reflect knowledge and skills that employers need and that they, as students, can build on throughout their lives.

3. Finally, the third step in fostering productive innovation—and it’s a crucial one. None of this innovation will matter much if higher education is out of financial reach for too many students. That means you must take steps to **address rising costs**. To maximize student success, college costs don’t just need to be reduced, they need to be demystified and more widely shared. Also, make sure that those costs are structured so that they align with attainment goals—especially for low-income students.

Chairman Alexander, Ranking Member Murray, members of the committee, thank you for the opportunity to testify this morning. I very much appreciate the opportunity to speak with you—particularly at this critical time, as you consider reauthorization of the Higher Education Act.

I am Jamie Merisotis, president and CEO of Lumina Foundation. Lumina, based in Indianapolis, is the Nation’s largest private foundation focused specifically on increasing students’ access to and success in post-secondary education. I’ve been at Lumina since 2008, and before that I founded and served 15 years as president of the Institute for Higher Education Policy, a nonpartisan research organization here in Washington. I also served as executive director of a bipartisan congressional commission on student financial aid that operated in the early 1990s.

My point in sharing this biographical background is to show that I’ve been focused on higher education policy for a very long time—really my entire professional career. I’ve been involved, in one way or another, with every HEA reauthorization effort since 1986. And I can say without reservation that the next reauthorization—the one you’re now considering—will be the most consequential I’ve seen by far.

The fact is, American higher education is at a critical juncture. That means the decisions you make in the coming weeks and months will be vital; they can set the stage for the next chapter in our national success story and build the foundation of talent we need to power our economy and strengthen our democracy.

The HEA has already played a major part in that story. In fact, it’s had an almost immeasurable positive impact since it was first passed in 1965. By extending educational opportunity to tens of millions of Americans, the Act played a vital role in the success of this Nation in the second half of the 20th century.

But the 20th century is over; and here in the 21st century, things are different.

For one thing, America is no longer the unquestioned world leader in post-secondary education. According to the Organisation for Economic Co-operation and Development, young adults (ages 25–34) in 10 other developed nations are earning post-secondary degrees at higher rates than Americans in that age group. What’s worse, though our attainment rates have edged up in recent years, they are increasing far more slowly than in other countries. In short, we are losing ground in the battle to remain globally competitive—and we’re doing so at a time when our economy and our society are increasingly global.

There are other changes as well. College costs continue to rise, and State funding for higher education continues to fall well short of what’s needed. New technologies, new delivery modes and new approaches such as competency-based learning have created major opportunities for higher education—though they also present new challenges.

But the biggest change in higher education—the one that should really focus your efforts and drive your decisions—is the monumental change we see in America’s students.

When HEA originally passed, it was designed with a particular type of student in mind: an 18- to 22-year-old, right out of high school, attending full-time at a 4-year residential college or university. For many of us, that image may still be what springs to mind when we hear the term “college student.” But that’s all it is these days—an image. Reality looks far different.

There are more than 20 million students enrolled in the Nation’s 2- and 4-year institutions. Of these, only about 7 million fit the image of the traditional college student. About 40 percent are 25 years old or older. More than one-third attend part time, and nearly 20 percent are holding down full-time jobs as they attend college. About 40 percent of today’s students attend community colleges or for-profit schools—and this is true of a much higher percentage of first-generation students, and those who are African American or Latino, and those who come from low-income families.

By and large, today's students are working, they are adults, they are our military veterans, and they have responsibilities and commitments that extend far beyond the classroom.

In other words, today's "typical" student, if such a thing even exists, is nothing like the student that HEA—or higher education in general—was originally designed to serve. That means it's time—past time, really—for a redesign. We need a system that serves today's students far better than it does right now. What's more, with economic experts insisting that some form of post-secondary credential is a must for anyone who hopes to maintain a middle-class lifestyle, we need a system that has the capacity to serve far *more* students—millions more in the coming decade.

Right now, only about 40 percent of Americans hold at least a 2-year college degree, and only about 45 percent hold any sort of post-secondary credential at all. We at Lumina are convinced—and economists and other experts back us up on this—that this figure must rise to 60 percent by 2025 if the United States is to remain globally competitive. And demographic trends make it clear that many, if not most, of these new credential holders must come from low-income, first-generation, minority, and adult populations.

The fact is, our current higher education system, despite its many strengths and its past successes, won't get us to the future. It cannot properly serve this diverse array of students—certainly not in the numbers that we need to succeed as a Nation.

Redesign is vital. And by taking a thoughtful and bold approach to reauthorizing the Higher Education Act, an approach that encourages innovation and supports student success, you can help immensely with this much-needed redesign project.

As you take up the reauthorization task, I encourage you to enact policies that are as savvy, varied and forward-thinking as today's students.

The Act should promote development of a more affordable, more equitable, high-quality post-secondary education system that leads to higher attainment rates that will significantly improve our economic and social well-being as a Nation.

I encourage you to think beyond the current set of players and to craft policies that not only incorporate the innovative models we are seeing today, but also allow for innovations and learning providers that aren't yet conceived. We don't know what the next big thing will be, and this law should be written in such a way to foster and permit whatever that next leap forward is, as long as it is in the best interest of students.

To encourage innovation, I suggest you take three basic steps—all of them directly linked to the needs of today's students. One note here: The steps aren't meant to be sequential. The issues they seek to address are interrelated and must therefore be tackled together. With that, I'll first list the three steps, and then I'll expand on each: The steps are:

- **Build clear pathways.**
- **Focus on quality.**
- **Address costs.**

The first step, then, as you seek to encourage innovation: Look for ways **to build or expand clear pathways** to high-quality degrees and other credentials. This includes recognizing a wider array of post-secondary education providers, experimenting with new ways for students to earn credentials, and directing Federal funds to the providers who best serve their students.

Today's post-secondary system presents a wide range of learning opportunities—far more than were available to the student of the 1960s or 1970s. Each of these levels of learning should be recognized. Given the reality of today's learning landscape, the definition of "provider" must be broadened; it must go beyond the current scope of institutions of higher education or job-training programs. Broadening this definition would aid the development of more and different post-secondary pathways—discrete but interconnected routes to educational achievement and career success. These pathways would lead to "stackable" credentials—credentials that encourage students to pursue educational opportunities throughout their careers, while also challenging providers to meet changing market demands for different knowledge levels and skills.

Many interesting, innovative and promising approaches to post-secondary delivery are already occurring. Foremost among these has been the growth of competency-based education—programs that award credentials based on a student's demonstration of actual knowledge and skills, not merely on the time they spend in labs or classrooms.

Western Governors University is probably the longest-running and best-known of these competency-based programs, but more are being developed all the time. In fact, more than 30 institutions have formed a nationwide network—the Competency-

Based Education Network, or C-BEN—to keep the momentum going. These models are meeting students where they are, recognizing the learning that they’ve already obtained—whether in classrooms, on the job, in the military or through life experience.

But this is not the only creative approach being taken to build new pathways for students. Another example is the innovative partnership between Starbucks and Arizona State University. Under that partnership, any part-time or full-time employee of the coffee company can pursue a bachelor’s degree through ASU’s online degree program and get full tuition reimbursement from Starbucks.

Other ideas, less developed, are worth considering. What about libraries, apprenticeship programs, and community-based learning centers? Do they have a role in the post-secondary provider landscape? How do we adequately assess prior learning, whether it be in an educational, work, or military setting? In the search for high-quality learning opportunities, we should seek out new and better ways that serve students well.

Moreover, the various post-secondary providers need to be able to develop new high-quality, low-cost delivery models and credentials. And changes in Federal financial aid policy could help tremendously in that process. For instance, rules governing financial aid could be updated to allow students to access aid year-round, to pay for learning, rather than time, and to encourage accelerated paces to a degree or credential. If rules governing financial aid were updated to be more flexible, the stage would be set for several positive steps. For instance:

- Postsecondary providers would have more incentive to develop new approaches to degrees and credentials that could be tested at scale. When proven effective, these new models could then be used to adapt other Federal programs without being stymied by concerns over denying Federal aid to students.

- It would be easier to award credentials based on actual learning, not on time. As educators hone their ability to assess students on the basis of genuine learning, our Federal aid policies should be reformed to match.

- Students would be much more able to take their learning with them and to pursue higher education how, when and where they are most likely to succeed—through online programs, by studying at an accelerated pace, by attending nights and weekends, etc.

Outdated financial aid rules aren’t the only ones that deserve a second look. In fact, there needs to be a much broader conversation about the regulations that apply to higher education. The current set of regulations are playing a role in stymieing innovation and progress in higher education as institutions need to navigate ever-changing and burdensome rules in order to operate. That said, regulation plays an essential role in protecting the rights and interests of students, who should be at the center of the system. That’s why this conversation shouldn’t be about reducing burdens on institutions. Rather, it should focus on reducing barriers to innovation, because those barriers too often block the pathways we must build—the pathways leading to student success. One approach to addressing this is to examine the possibilities of risk-informed regulations, and allow providers with lower risk profiles more flexibility to design and implement educational approaches that best fit the needs of their students.

The second step you must take to foster innovation—again, not a sequential step, but one to take in concert with the others—is to **focus on educational quality**. And you must do that, not with the provider in mind, but from the *students’* perspective—with their characteristics and their needs at the forefront. Students must be confident that the credentials they earn have genuine value—that those credentials reflect knowledge and skills that employers need and that they, as students, can build on throughout their lives.

As you seek to expand the post-secondary ecosystem, make sure that appropriate safeguards are in place to ensure that students are actually learning, and that the Federal investment is well stewarded. That means Federal funds should be directed to programs and institutions that best serve their students—especially low-income students, minority students, first-generation students and working adults. Through responsible use of metrics, validators can assess educational quality based on student learning rather than seat time or other inputs. And providing public access to these metrics will help protect students and taxpayers from waste, fraud and abuse.

Establishing new modes of validating quality for non-traditional providers of post-secondary education will help in this regard. For example, certification agencies and industry groups might be able to provide new ways of validating quality by linking skills taught in the classroom to skills needed in particular jobs. Based on our research, establishing new methods and means of validating quality—as a complement to the current institutional accreditors—could benefit all post-secondary

education providers, traditional or new. More important, it would help ensure that students obtain high-quality education that is best suited for their career goals.

Finally, the third step in fostering productive innovation—and it’s a crucial one. None of this innovation will matter much if higher education is out of financial reach for too many students. That means you must take steps to **address rising costs**.

New approaches to post-secondary education hold great promise in this regard. Competency-based, online and accelerated programs have all shown that they can reduce the cost of delivery, shorten the time required to earn a credential, and create healthy competition in the marketplace. These types of approaches, and other creative efforts, need to be supported and encouraged.

More needs to be done as well. To maximize student success, college costs don’t just need to be reduced, they need to be demystified and more widely shared. I urge you to find ways to make those costs more clear and transparent, more predictable and more accessible to students and their families. Also, make sure that those costs are structured so that they align with attainment goals—especially for low-income students. Student aid should be easily accessed, monitored, and able to be used at a wide variety of education providers.

In closing, let me reState my gratitude for the opportunity to testify this morning. The Higher Education Act has had a tremendous impact—on my own personal and professional life, to be sure, but more important, on the life and health of this Nation over the past five decades. It may well have an even bigger impact in the decades to come—and your part in reauthorizing that act is hugely important.

As you approach that task, I urge you to do so, not so much as experts or Senators or even concerned citizens. Instead, look at these issues from the perspective that matters most: that of a college student. Not the student you were, but the one you’d likely be today, or the one you’ll meet next year or 5 years from now.

As a Nation, we need those students to succeed—and they need your help to do so.

Thank you.

Additional Recommendations

At the request of Chairman Alexander, as well as Senator Whitehouse, I’m submitting as part of my written testimony provided to the committee a series of policy recommendations regarding innovation and regulation in this critical reauthorization of the Higher Education Act. I very much appreciate the opportunity to share this additional content and it is my hope that these ideas inform and advance the work of the committee.

As previously stated in my full written testimony, I am Jamie Merisotis, president and CEO of Lumina Foundation. Lumina, based in Indianapolis, is the Nation’s largest private foundation focused specifically on increasing students’ access to and success in post-secondary education.

As I discussed in my testimony, students attending post-secondary education today are dramatically different from even a few years ago. They are more likely to be older, have their own families and be working. They are more socioeconomically and racially diverse. To address the needs of today’s students, I suggest you focus on three basic areas which will foster and promote innovation. These steps aren’t meant to be sequential as the issues they seek to address are interrelated and must therefore be tackled together. The steps are: address costs and promote affordability, focus on quality, and build clear pathways that lead to increased outcomes. What follows are specific recommendations within each of these discrete barriers to college completion.

RISK-INFORMED APPROACHES TO ACCREDITATION

The role of accreditation should be to evaluate providers based on their success in achieving student attainment goals, rather than on some of the often extraneous evaluation metrics, or on topics that are more appropriately evaluated by the other two members of the “triad” that have responsibility for oversight of higher education: the Federal Government and the States. This accreditation evaluation should be particularly focused on accounting for differences in the student populations served at various institutions and measuring the academic progress of underserved students. Research indicates that strengthening the role of accreditation helps improve the quality of higher education institutions, promotes competition, and spurs innovation by ensuring that institutions of all types are held accountable for producing results for their ultimate stakeholders: students and taxpayers. Our studies

suggest that accreditation could be strengthened with a greater focus on quality and student outcomes.

All Federal regulatory activities should tie directly to the Federal Government's interest as an investor in the higher education system on behalf of students and taxpayers. Our goal should be for improved experiences and outcomes for students to be placed at the center of the system, meaning that policymakers must take care to start with clarity around the "what" of the regulatory regime and tailor the "how" and "who" of the regime to the most efficient and effective way of achieving this end. This means eliminating unnecessary regulation that is hampering this focus. To this end, we would recommend that the government:

- **Amend current law to orient the Federal recognition process for accreditors around risk-informed reviews of each accrediting agency.** These reviews should prioritize an examination of the accreditor's oversight of student learning and outcomes at its member institutions and the Federal Government should differentiate the extent of recognition reviews based on this information. This recognition process should continue to be overseen by an independent advisory committee that is fully representative of the array of post-secondary stakeholders; NACIQI (the National Advisory Committee on Institutional Quality and Integrity) currently does an able job fulfilling this purpose. Streamlining the recognition process for accreditors with strong records could free up resources within accrediting agencies, which could allow accreditors to devote more resources to helping institutions improve outcomes for students on a continuous improvement model. Acknowledging that while the creation of a risk-informed system is permissible now, it would still be necessary to pursue a change in law to allow for the appropriate and necessary inputs.

- **Provide greater regulatory flexibility so that high-performing education providers earn expedited accreditation reviews.** The current regulatory system for accreditation is both overly burdensome and far too complicated; as a result, the current system reduces the true value and effectiveness of accreditation's role in the "triad." Ensuring flexibility for high-performing providers is a valuable means of allowing and supporting innovation in post-secondary education aimed at improving outcomes for students. This flexibility then allows for innovation within the higher education field that specifically leads to a greater focus on student outcomes and lower future costs.

Maintaining quality remains of the utmost importance, however, and a crucial tool to ensure quality would be to allow accreditors to employ a risk-informed approach to assessing institutional quality. Accreditation should be re-oriented around a risk-informed process, with institutions subject to different levels of scrutiny based on their student learning and outcomes data. Institutions that demonstrate strong records of student results could receive expedited reviews, while those where data on student outcomes indicate room for improvement would warrant a more robust review. Such an approach could allow accreditors to focus more on student outcome data, as well as allocate time and resources to working with those institutions that need the most attention. In addition, holding all post-secondary programs directly accountable for value and affordability measures is likely to slow down or halt enrollment in programs that provide little value to the students that invest time and resources in them.

A process so described would reduce the barriers to entry for new institutions and providers that demonstrate successful student outcomes and ultimately provide students with more effective options for quality post-secondary education. More robust accreditation reviews would be triggered where data on student learning and outcomes indicate need for improvement or more significant concerns, with the accreditation process expecting and facilitating a data-driven continuous improvement process at each provider that warrants or wants it.

- **Establish clear and purposeful accountability and quality metrics, with a focus on student outcomes.** Completion outcomes are likely to be improved dramatically by holding accreditors accountable for measuring student outcomes, encouraging providers to develop more innovative higher quality, lower cost programs, and, most importantly, by requiring both accreditors and providers to report their results in a more transparent and accessible manner. The Federal Government can assist in these efforts by making concerted efforts to eliminate overlapping roles, responsibilities and regulations unrelated to quality outcomes. While we recognize that some accreditors have increased their emphasis on student learning outcomes, the more incentives that are built into the system to make student learning even more central to accreditors' institutional reviews, the clearer the message to institutions that they will be held directly accountable for higher quality, lower cost programs of study. A more transparent, accessible and understandable set of metrics is needed to drive a focus on student outcomes.

ESTABLISH AND SUPPORT NEW PATHWAYS

In order for today's students to succeed, Federal policies need to support a much wider range of pathways to a credential. This would include an assurance that all post-secondary learning is recognized, regardless of where it was obtained; creating pathways to "stackable" credentials; and putting in place regulations and incentives for stakeholders in the system to continually improve and shoulder some of the risk that currently falls to students and the Federal Government. In terms of specific actions in pursuit of this objective, we would recommend that the government:

- **Allow for broad, long-lasting demonstration projects that allow for innovation at scale.** This type of experimentation can advance the field and test new approaches to high-quality post-secondary delivery that increase student outcomes and lower costs, while protecting students and the taxpayer investment from waste, fraud and abuse. Ultimately what matters is not permission for any specific innovation; what matters is the ability to prove outcomes for students: Are they completing, are they achieving their academic and employment goals? Demonstration programs should give the Secretary the authority to set performance metrics, and create the process for outcomes-based validation.

- **Encourage providers to use a transparent credentialing method that identifies and rewards student learning, not seat time.** Currently the meaning of degrees, certificates and other credentials is rarely validated outside academia; this makes it difficult for any stakeholder to understand and compare varying credential programs. Encouraging providers to use a transparent method that identifies and rewards student learning, not seat time, as the core basis for assessing student outcomes should increase the ability of stakeholders to compare varying credential programs. States, providers and organizations, including accreditors, can help with this process by developing meaningful and comparable measures of student learning, employment and other outcomes.

- **Consider allowing title IV aid to be used for prior learning assessments and direct assessments, with appropriate constraints on cost (i.e., cost of assessment or review materials).** Focus on hybrid innovations through demonstrations such as direct assessment and prior learning assessments that will provide an easy crosswalk to earning credits or demonstrating competencies. These innovations may be provided by new providers who would be title IV eligible.

- **Recognize new validators, to better support new pathways.** With new types of providers and pathways, we should foster the creation of new validators, able to serve as assessors of educational quality for a variety of different programs. In doing so, we can ensure that validators best suited to assess a program are matched with that program. In turn, these new validators can and should be held accountable for measuring student outcomes, being transparent and encouraging providers to innovate toward higher quality, lower cost programs.

- **Repeal the student unit record ban.** The obvious and growing need for more accurate and comprehensive data on the behavior of today's student can most effectively be addressed through the thoughtful and deliberate development of a student unit record system. Allowing student-level data to be sent directly to the Department of Education, in contrast to the current system of aggregated institutional data, will facilitate the assessment of student success as they move to, between and through providers of post-secondary learning and on into the workforce.

ADDRESS COSTS AND PROMOTE AFFORDABILITY

College affordability is a major national issue and receives extensive coverage in the media. One of the more dramatic figures that has been reported is that total student loan debt has reached over \$1 trillion in aggregate. In part, this number has grown because of increased college-going rates across the board—a positive trend overall. But it is also fueled by the fact that college has become less affordable, with college prices increasing by 45 percent on average over the past decade, while household income declined by 7 percent in the same period. One of the most oft-repeated rationales for innovation in higher education is to lower costs for students. However, we have no clear guidepost for how much lower those costs should be, or for whom.

We, at Lumina, believe that it should be possible not just to define affordability more clearly, but also to use this definition to benchmark performance of higher education systems in terms of making college opportunities affordable to students. To move toward this college affordability goal we feel it necessary to:

- **Create an affordability benchmark.** A benchmark of this nature should be a viable way for higher education leadership and policymakers to assess progress toward affordability goals with a collective unit of measurement. Of course, there

will be differences in individual contexts and situations, which means that the benchmark will not be appropriate for every person in every situation. However, this benchmark should provide a general guideline to frame broad discussions. In the same way that not everyone spends a third of their monthly income on housing payments, not everyone will pay for college in exactly the same way. To be clear, the described benchmark is not itself a policy proposal, but instead provides an outline for future, more detailed interpretive work that could inform policy and practice. So knowing, we would recommend that an affordability benchmark be based on a combination of reasonable work and savings expectation among students and their families. We are currently conceiving of the benchmark in the following three components:

- *Out-of-pocket spending limited to 10 years' worth of reasonable savings.* Students should have to pay out-of-pocket no more than what they or their families can reasonably save over a 10-year period. Considering that a college education is something that can be saved for over time, particularly given the relatively high college-going rates of high school graduates, families and individuals with the ability to save should be encouraged to do so. Many higher income families already save for college; unfortunately there is little discussion around what an appropriate amount to save might be. Lower income families may have less capacity to save, which is why we suggest that savings be limited to a "reasonable" amount. For students who are also the primary breadwinner of their own families, this benchmark can also suggest a path forward, particularly when coupled with the next component.
- *Savings/Repayment amount limited to 10 percent of income.* We believe that individuals can reasonably afford to contribute 10 percent of their discretionary income to post-secondary education, for a limited amount of time. Ten percent of one's discretionary income has emerged as the standard for determining the amount of "affordable" loan repayment, and it follows that 10 percent of discretionary income is reasonable to expect to be committed for post-secondary education expenses more generally, when including an exclusion for those who don't make enough to have any "discretionary" income. The affordability benchmark is calculated based on the assumption that individuals and families making above 200 percent of the poverty rate can afford to save 10 percent of their income. This line also serves as an income exclusion, so that no one is expected to save until they reach at least 200 percent of the poverty level. Then, a small portion (10 percent) of any income earned above 200 percent of poverty would be expected to be saved for college.
- *Working 10 hours a week while in school.* College affordability should include an expectation of a student working an average 10 hours per week, or 500 hours per year. Ten hours of work at minimum wage for approximately 50 weeks would be \$3,625 annually or \$14,500 over the course of 4 years. After taxes, this amount would be available to help cover the full costs of college, while enrolled, including living expenses.
- **Create a single portal for Department of Education, Veterans Administration, Department of Defense, Department of Labor and other Federal post-secondary education benefits, run by the Department of Education.** Gaining access to the full array of Federal post-secondary education benefits can be a confusing process for students. A single portal to view and learn about these benefits, as well as a common application for these programs spread across multiple agencies, would break down process barriers faced by prospective students and families and ensure that they can gain access to the full range of post-secondary benefits afforded to them. By knowing about multiple benefits, students may be more likely to apply to a post-secondary program and are more likely to attend full-time.

The CHAIRMAN. Thank you.
Dr. Gellman-Danley.

**STATEMENT OF BARBARA GELLMAN-DANLEY, PRESIDENT,
HIGHER LEARNING COMMISSION, CHICAGO, IL**

Ms. GELLMAN-DANLEY. Thank you very much. I am Barbara Gellman-Danley, and I represent the Higher Learning Commission and my colleagues from the other regional accreditors. It's a pleasure to be with you here today. Collectively, we accredit over 5,000 institutions.

I want to thank Chairman Alexander, Ranking Member Murray, and members of the committee for inviting me here to provide testimony on this absolutely critical issue—innovation in higher education.

Innovation can change the future of our institutions and the lives of the students they serve. The benefit of good innovation is tremendous and can help solve vexing issues in higher education. It can inspire us and breathe new life into our colleges and universities.

I was asked to address three issues today, the approval process, the barriers in our way, and ways to address these barriers.

As to the process, there are a great many innovative ideas that come forward that we do not have to approve. They do not have to go in front of accreditation because our existing policies allow that flexibility. In other words, the process begins and ends at the university. In other cases where more nuance exists, the process may take 3 to 6 months. The institution submits an application which is reviewed thoroughly by seasoned, trained peer reviewers and experts and results in an action letter to the institution. That's how it works in a great majority of cases.

There's always another side to the story. Innovation has its challenges. Imagine the excitement when an institution embraces change, the dreams and hopes of a different way of looking at business beyond the horizon. Yet soon, practical realities will hit, including the high cost of research and development, attracting talent to bring the idea to fruition, blending the old and new ways of how we do our business, not to mention the regulatory and statutory requirements.

Accreditors cannot serve yet another one of these barriers. We cannot be one of them. All accreditors are well aware of the concerns about the way we do our business, and they've been expressed quite vocally. I am here today to tell you that when it comes to innovation, we are not a barrier. We are committed to creative new ways of serving our students. To do that with integrity, however, we must assure quality by looking at each innovation. We have to take some risks. It is a delicate balance.

Regional accrediting agencies have been on the front line of innovation for decades. Consider the movement of the community colleges into access and what they've done for this country, certainly distance education, competency-based learning has been mentioned, and many of the amazing, hugely disruptive innovations of the past decade. We cannot, however, support a rush to fulfill greater needs for enrollment to fill the budget gaps simply on the face of what may be smoke and mirrors of innovation.

Challenges exist even when we embrace new ways. These challenges could stem from Federal micro-management. Accreditors are increasingly less able to provide a safe harbor. When our institutions come to us with new ideas, we find ourselves dealing with possible judgment by the U.S. Department of Education and the Office of the Inspector General, who sometimes don't agree with each other, and we are caught in the middle.

Under certain circumstances, I think it's very possible that we could bring great new ideas that will deliver change and innovations, but with these barriers it has a chilling effect. I shudder to

think if Ben Franklin could have kept the lights on under these circumstances.

Let the reauthorization of the Higher Education Act be a lightning rod to the future of higher education and innovation in this country. We ask you to consider giving regional accreditors more freedom to promote innovation. The experimental sites is a great start. We believe there should be separate experimental sites run strictly by accreditors, allowing us to come out from underneath the heavy burdens of statutory and regulatory barriers.

The Council of Regional Accreditors stands ready and is prepared to sit down with you and each of your staff to go over this idea.

Good innovation cannot be legislated. It takes place when government steps back and lets creative people do what they do best. I urge you to develop a reauthorization that allows for innovations that we cannot possibly predict today so that we do not prevent them from being realized in the future. I encourage you to open your mind and ours to transformation. What you do with this act, Senators, may be exactly what is needed and more transformative even than the original act.

Let me tell you something, we can as accreditors be a very important part of this solution. One voice can make a difference, but a collective voice, that can change the world.

Thank you.

[The prepared statement of Dr. Gellman-Danley follows:]

PREPARED STATEMENT OF BARBARA GELLMAN-DANLEY

SUMMARY

HLC is one of seven regional accrediting agencies across the United States, which collectively oversee accreditation for more than 5,000 colleges and universities. Regional accreditors must seek recognition by the Secretary of Education to serve as “reliable authorities as to the quality of education.”

Innovation has been a critical part of strengthening our Nation’s system of higher education. Innovations, such as distance education are now nearly ubiquitous in higher education, and have vastly expanded access to higher education over the past decade far beyond any early predictions of growth and impact. Other efforts, such as the expansion of competency-based education (CBE) programs, direct assessment (DA) programs, and the increasing use of third parties working with institutions, are more examples of these innovations.

But to innovate is not without its challenges. Institutions often face challenges to innovate—including internal capacity, State and Federal laws and regulations, and the financial risks inherent in investing in new approaches to serving students.

Accreditors have worked hard not to create additional barriers to innovation. However, we have our own challenges that go along with our responsibility to ensure that the risks of a particular innovation are in line with their potential benefit.

In recent years, these challenges have more and more stemmed from increased Federal micromanagement into the work of accreditors, stemming from both the law and regulations under HEA. Many accreditors feel increasingly less able to provide a safe harbor to evaluate and recognize innovative programs of good quality without fear that those judgments may be later questioned by the U.S. Department of Education or the Office of Inspector General.

The reauthorization of HEA provides an opportunity to address some of these challenges. For example, the experimental sites initiative authorized under HEA is leading to expansion for participating institutions in areas such as CBE and DA. We believe there should be a separate experimental sites program *for accreditors*—allowing us to come out from underneath the statutory and regulatory barriers, which hold us back in working with institutions promoting innovation.

Overall, we believe that: Congress and the Department need to trust accrediting agencies to evaluate and approve good quality innovation; Good innovation cannot be legislated and takes place when government steps back and let’s people be creative. Congress and the Department should be looking for ways to remove barriers

in the system that function to limit, slow or chill innovation. We stand ready to be a strong partner in assuring quality and welcome ways to work collaboratively with the committee.

Good morning, my name is Barbara Gellman-Danley, and I serve as president of the Higher Learning Commission. I want to thank Chairman Alexander, Ranking Member Murray, and the members of the committee for inviting me here to provide testimony from the perspective of accreditors on the opportunities and barriers of innovation in higher education.

My comments this morning are informed from my more than 35 years of experience in higher education as an institutional president, a vice chancellor of two separate State coordinating boards and as a faculty member. I also speak to you from the perspective of my strong personal interest in the issue of innovation in higher education.

HLC is one of seven regional accrediting agencies across the United States, which collectively accredit over 5,000 colleges and universities. These institutions include small private seminaries, bible colleges and liberal arts colleges, and encompass large and small community college districts, mid-size regional State universities, and large private and public research universities. The Higher Learning Commission is the largest of these commissions and covers 19 States of the north central region and currently accredits, or has granted candidate status to, 1,007 institutions. The Council of Regional Accrediting Commissions (or C-RAC as you may hear it called) is the organization through which the presidents and board chairs of these agencies work together on issues of mutual interest including the sharing of best practices.

Accrediting agencies perform an important role in ensuring these institutions are of good quality. The Higher Learning Commission (or HLC as I may call it from time to time in my remarks) is recognized by the U.S. Department of Education based on statutory and regulatory requirements that govern recognition of accrediting agencies as authorities on institutional quality. HLC, like other regional accrediting agencies, has standards by which it determines which institutions are of appropriate quality such as to merit the granting of accreditation. These standards, many of which are required under the Higher Education Act, have been developed in consultation with institutions as well as with State higher education agencies, the business community, the public and other groups with a strong interest in institutional quality.

I applaud your efforts to look for ways to encourage innovation in higher education. I congratulate you on last week's Senate passage of a bill to reauthorize the Elementary and Secondary Education Act and the broad bipartisan work that was instrumental in its passage. I appreciate your stated desire to use this same approach in reauthorizing the Higher Education Act and taking on the important questions of how the revised statute and accompanying regulations can encourage meaningful and necessary innovation in higher education.

We can all agree on why innovation is so important. The benefit of "good" innovation is tremendous and can help solve vexing issues in higher education such as how to increase access for students, make college more affordable, and improve outcomes—particularly related to retention and completion.

While our system of higher education is always focusing on improving its operations and outcomes, innovation has contributed to making it the envy of the world. Looking back through my own lens, I have seen a plethora of these innovations over the years. Some of these innovations have been simple, for example, introducing courses at night, while others have been creative. Regardless of their complexity these changes have been transformative and disruptive to the entire higher education system. They moved the needle and increased access, which resulted in institutions becoming increasingly competitive in serving students.

The intersection of access and market demand brought in hundreds of thousands of students who may have never availed themselves of a higher education—including the inspiring introduction of the community college movement. In the 1960s and 1970s more than 1,000 community colleges were established, and today more than half of incoming freshmen enter our portals through that sector. Distance learning, once anticipated to be the potential destruction of campuses across the country, is now nearly ubiquitous in higher education and today nearly three-quarters of post-secondary students are enrolled in at least one online course. This innovation alone has vastly expanded access to higher education over the past decade far beyond any early predictions of growth and impact.

While there was some State, Federal and private stimulus for some of this innovation, most of it came from smart people at institutions who simply wanted to find better ways to serve students.

But to innovate is not without its challenges.

As accreditors, we are well aware that these challenges often begin—but do not end—at the institutional level. Institutions face challenges in paying for the cost of developing and implementing good innovation, not to mention the many risks associated with innovation—

“Will a new cyber-tech program fly in the education marketplace? Will students be willing to enroll? Will employers hire graduates of the new program or prefer to hire graduates from academic programs that are more familiar and thus more comfortable?”

Institutions are also facing a long list of mandates, internal and external, to do more with fewer resources, sometimes leading to a frenzy of projects at institutions to meet these mandates and to an accompanying sense of frustration and exhaustion. With such risks and challenges, innovation can be daunting for institutions.

We also have bureaucracies borne from State and Federal legislation and regulations that simply are not set up to recognize and support innovation. They are tethered to statutory and regulatory language that over time has left them in a darkened closet holding a flashlight—trying see beyond the horizon to the future. But often, there is no sunlight.

Institutions may be reluctant to champion innovation when it requires challenging these regulatory systems. The report released earlier this year by the Task Force on Federal Regulation of Higher Education, which you, Chairman Alexander and other members of this committee deserve credit for spearheading, provides ample evidence of these types of regulatory barriers.

Innovation in the education marketplace faces another challenge: it has to be good. It must result in good academic quality and outcomes. Remember the Apple Newton or the Betamax? However innovative, they did not make it in the marketplace because they were not very good; consumers were disappointed, and investors and inventors lost money. In the academic marketplace the stakes are much higher. Instead of being stuck with an expensive piece of obsolete technology, students adopting a new innovation in higher education can be stuck with a mountain load of debt, with little to show for it. Lives are profoundly affected by higher education, as we know, for better or for worse because so many people—students, families and employers—rely on it. We have an obligation to all stakeholders to assure that innovation in higher education is the best it can be.

Accreditors do not seek to be yet another of these barriers to institutional innovation—or for that matter—a barrier to entities seeking to become an institution of higher education in the first place. Accreditors support innovation that is of good quality and that is able to demonstrate integrity. However, all accreditors are well aware of the concerns that have been expressed by those individuals who firmly believe innovation stops at our door. I am here today to tell you it does not.

The fact is, regional accrediting agencies have been on the front lines of innovation in higher education for many years. The expansion of distance education, which I spoke of earlier in my testimony, happened with the collaboration of accreditors working with institutions as well as State and Federal agencies.

Under our watch competency-based and direct assessment programs are also gaining increased momentum and acceptance. Through competency-based programs, students demonstrate competencies toward graduation even while they continue to complete credit-hours and earn grades. In direct assessment programs credit-hours and grades are gone, and the basis for the student’s attainment of the degree is demonstration of competencies. Over just the past 2 years, HLC approved five institutions to offer direct assessment offering nine programs among them. The Southern Association has approved three institutions, also offering nine programs among them. The New England Association and Middle States Association have each approved one institution to offer direct assessment. The time is particularly opportune for new competency-based and direct assessment programs as institutions have become more skilled at, and more comfortable with, assessment of student learning. All of us get calls regularly from other institutions that are interested in offering a direct assessment program but are carefully considering the risk and the value of such programs.

While competency-based and direct assessment programs are of great interest currently, there are other forms of innovation taking place in higher education, which we as accreditors have been very involved in facilitating. Within HLC’s region there are increasing numbers of partnerships among public and private institutions like ReBUILD Detroit, which is a partnership among accredited institutions intended to

foster access and success for minority students in biomedical fields. Another example is a project at an institution in Oklahoma working on finding non-traditional approaches to help improve the outcomes of remedial education. These cases are two examples of the hundreds of projects out there right now working to bring new innovative approaches to chip away at the difficult challenges of access, affordability and attainment in higher education. Next week, I, along with several of my regional accreditation colleagues will be participating in a meeting at the White House to discuss how to expand such partnerships while ensuring quality and integrity.

I was asked today to also speak to the specific process of how accreditors review new innovations. Each regional accrediting agency has policies and procedures to review and approve new initiatives before they are launched at institutions if they require such approval under the policies of those agencies. These policies and procedures, while varying to some degree in the specific details, involve the submission of an application or some sort of explanatory materials by the institution about the proposed program, review of the proposed program typically involving peer reviewers, and a formal decision by the agency to approve the program. There may be a followup report or visit after the program has been operating for about 6 to 12 months. Regardless of the details, these policies and processes are structured to achieve two important goals: (1) ensure that the initiative is of good quality such that it meets the standards of the agency; and (2) assure that Federal concerns, as reflected in the Federal recognition requirements for accrediting agencies, have been thoroughly addressed by the agency in the approval process. Increasingly this latter goal has become a focus in the review processes of new innovative programs and other substantive changes by accrediting agencies, as I will outline in greater detail below with regard to direct assessment programs.

This process of how accreditation works with institutions seeking to drive innovation has worked well over the years. However, as accrediting agencies, we have our own challenges, which go along with our responsibility to ensure that the inherent risks of a particular innovation are in line with their potential benefit.

In recent years, these challenges have more and more stemmed from increased Federal micromanagement into the work of accreditors. For many of us, we feel increasingly less able to provide a safe harbor to evaluate and recognize innovative programs of good quality without fear that those judgments may be later questioned by the U.S. Department of Education (“the Department”).

The review of competency-based and direct assessment initiatives provides a good example of this challenge. Federal regulations set certain precise expectations of the approval process at accrediting agencies. The regulations require program by program approval of each new such program at an accredited institution, regardless of the institution’s experience in offering the exact same program on-ground or in other settings or even in offering other programs through direct assessment. The regulations further require that accrediting agencies determine whether reasonable credit-hour equivalencies have been established for these new direct assessment programs even though such programs are intended to function outside the traditional credit-hour system. In addition to what the regulations expressly require, interpretations of regulations by the Department or its Office of Inspector General (“the OIG”) may require additional accrediting agency focus. For example, the December 2014 Dear Colleague letter set the expectation that was not expressly stated in the regulations that accrediting agencies evaluate whether there is sufficient faculty-student engagement to ensure that the programs are NOT correspondence programs as defined by Federal regulations.

Procedural expectations in the Federal regulations for accrediting agencies also dictate other aspects of the review of new initiatives at institutions. These regulations include the mandate that an appropriate federally recognized agency decision-making body make the formal decision to approve the new program, and that the action letter issuing the decision have sufficient details regarding, for example, for direct assessment the appropriateness of credit-hour equivalencies established for the direct assessment program. Increasingly these Federal details, while not unimportant, have dictated many aspects of the approval process and its timing at accrediting agencies. If we don’t ensure we fulfill Federal expectations with regard to these details, we worry that institutions will be at risk even to the extent of losing access to title IV for these programs.

Even when the Department provides a good faith effort to be supportive of innovative programs in higher education, as we have seen with the new Direct Assessment programs and Experimental Sites Initiative, its Office of Inspector General (the “OIG”) may take a very different position because of what seems to be its inherent skepticism that Federal laws and regulations allow for innovation or that taxpayer dollars won’t be wasted on such programs because they look different. And when there is a dispute between the Department and its OIG regarding what the rules

are regarding innovation, time goes by while each side marshals its arguments and revises its position, as we saw in the long wait for the Dear Colleague letter in December 2014 that followed the OIG's report in September 2014 regarding the Department's handling of direct assessment. Accreditors inevitably get caught in the middle of these disputes and may ultimately be forced to revise policies and procedures mid-stream not only to maintain their own recognition but also to ensure that institutions offering these innovative programs and students enrolled in them do not lose access to title IV as the ultimate price. Under such circumstances the process of innovation inevitably stalls, and institutions that had moved ahead quickly to embrace innovation may be frustrated. Frank Herbert explained it well when he wrote,

“Bureaucracy destroys initiative. There is little that bureaucrats hate more than innovation, especially innovation that produces better results than the old routines.”

As an accreditor, we are also responsible for making the difficult judgment of determining when an “innovation” is one with integrity and quality and is likely to serve the best interests of students. Higher education is no more immune than any other industry to an idea gone wrong. Accreditors stand between the public and every crazy idea anyone may have, however “innovative” it might seem.

We are pulled in conflicting directions—we support innovation—we create flexible pathways for low-risk institutions to go out on a limb—we are then criticized for not serving the tightening regulatory and compliance environment. I implore you to help us find ways to remove barriers that are territorial and often a myopic view of the possibilities and that interfere with the transformation of higher learning.

The reauthorization of HEA provides an opportunity to address some of these challenges.

At a minimum, regional accreditors need to be given more freedom in working to promote innovation. The Experimental Sites Initiative authorized under HEA for institutions has led to expansion in areas such as competency-based and direct assessment programs. We believe there should be a separate experimental sites initiative for accreditors—allowing us to come out from underneath the statutory and regulatory barriers, which hold us back in working with institutions to promote innovation. My colleagues and I are prepared to sit down with you and your staff and discuss specific language, which we believe can help make this a reality.

In closing, let me leave you with three key requests:

1. Congress and the Department need to trust accrediting agencies to evaluate and approve good quality innovation. That's our job, and I think we do it well and with efficiency. New congressional or departmental mandates in this area are only likely to lead to longer review times and increased time and expense for institutions going through our approval processes and not to improved quality.

2. Good innovation cannot be legislated. While institutions no doubt appreciate the seed money from the Department and private grant foundations, good innovation takes place when government steps back and lets people be creative.

3. Congress and the Department should be looking for ways to remove barriers in the system that limits, slows or chills innovation. C-RAC has provided a separate proposal to this committee to eliminate portions of the statute that create such barriers for accreditors.

C-RAC is prepared to move forward with you to find ways to serve learners better while continuing to ensure that these new ways still provide learners with an education of good quality. I encourage you today to open your minds (and ours) to possibilities we may have never imagined.

The CHAIRMAN. Thank you.
Dr. LeBlanc.

**STATEMENT OF PAUL J. LeBLANC, PRESIDENT, SOUTHERN
NEW HAMPSHIRE UNIVERSITY, MANCHESTER, NH**

Mr. LEBLANC. Chairman Alexander, Ranking Member Murray, I appreciate the opportunity to appear before the committee and share my perspective on innovation in higher ed both in terms of opportunities and barriers.

I'm not sure we've seen a period of innovation quite like this in higher education. Senator Alexander, you have alluded to many of the advances, certainly huge advances in the quality of online learning, learning science, adaptive learning technologies, MOOC,

State analytics, and perhaps most profoundly competency-based education. You may have seen 2 weeks ago that Southern New Hampshire University's modestly named College for America's competency-based program was the first competency-based program to be embraced by a major corporation. Anthem Insurance has rolled it out to all 55,000 of its employees, giving them a free college education all the way through the Bachelor's degree.

It's an enormously exciting time. It's hard to keep up with. I would also point out that, with the exception of online learning, the advances that we've been talking about have yet to make a substantial impact, especially for those students who need the most help, not because they're not exciting, and not for great promise, but because they're still largely in their infancy and we are still in the development and learning phase, which is why today's topic is so important.

These innovations are trying to take hold within a regulated industry that is meant to keep institutions within pretty rigid guardrails. Title I, for example, requires that students have "regular and substantive interaction with faculty members," a rule originally written to distinguish correspondence programs from traditional college programs. It was written before advances in the online world, adaptive learning and the other things that we've talked about, and it is rigorously applied by the Office of the Inspector General, with a chilling effect on programs that might more dramatically re-imagine the role and use of faculty.

We know now that teaching and learning is so much more than subject-matter expertise when it comes to designing high-quality learning environments and assessment. In defense of the OIG, they're simply doing their job. The rule does constrain innovative program design, and experimental sites authority in education does not extend to title I.

Another example, title IV allows for the "direct assessment of student learning," as you mentioned, as an alternative to the credit-hour. While the legislative language allows for an alternative to the credit-hour, virtually all the title IV rules for disbursement of aid are tied to time. Innovative new CBE programs trying to have learning trump time, which is a very good thing in terms of the quality goal, still have to grapple with technical rules around satisfactory academic progress, term structures, definitions of full time, and other time-based rules that constrain program design and make no sense for what people are trying to do.

Time is a poor proxy for actual learning and quality. On the other hand, I am most emphatically not arguing that we dramatically overhaul all the rules for higher ed in general. We don't know enough yet. For example, if competency-based education offers a new currency of learning, it still does not have an established exchange rate. We have, as of yet, little idea of how to create a transfer system for CBE. While a credit-hour-based system of transfer is inefficient and problematic, we have nothing upon which to base a transfer system for competency-based education.

Also, if the credit-hour is a measure of time, it also reflects a unit of learning, and without a new system of exchange, there really is no way for the Federal Government to know what it's paying for, a potential disaster. While the regular and substantive interaction

rule may not allow for some of the more innovative delivery models we see being developed, no one wants to go back to the abuses of the old correspondence programs of the 1980s.

I worry a little bit about some of the policy discussions to which I have been party. No. 1, I don't think we know enough about the new programs and innovations to make good comprehensive policy. The danger is we write policy for innovation version 2015, when some of what we are doing now will improve and evolve.

No. 2, if in the interest of allowing more innovation we make policy too lax, we risk seeing bad actors emerge and students ill-served. We saw it with online learning, and we see some evidence of it today already with CBE, for example in proposals that would allow 65 percent mastery of competencies to count as passing—we don't want our nurses to be good at only 65 percent of the things they should know—or providers who care too little for rigorous assessment, which is one of the two pillars of high quality, trustworthy CBE. Consumer protection advocates are right to be wary of innovation without important safeguards and quality assurance. Those need to be simultaneous activities.

The question is, then, what do we do to stimulate innovation and take better advantage of the energy and openness to change earlier described? What does good innovation policy look like?

I would urge you to think in terms of creating safe innovation spaces. You could create demonstration projects that remove time-based constraints on programs. You could create demonstration projects that allow non-IHEs into the title IV ecosystem, creating market pressures on incumbent higher ed. You could expand the Department's experimental site authority. It was meant to do small tweaks and disbursement. In fact, it should be expanded to title I also. Then we could do things around things like substantive interaction.

In similar fashion, I would agree with Barbara that you should give accreditors safe space to try very different approaches to quality assurance, and if you allow for more flexibility, then most importantly we ought to demand a greater level of transparency and a focus on outcomes and assessment. Assessment is the great field of need right now in our industry. When you have transparency and rigorous assessment, you will know and cull out the poor players much earlier, and you will know if you have high quality. These things have to happen side by side.

I'll stop now and chime in during the discussion. Thank you.

[The prepared statement of Dr. LeBlanc follows:]

PREPARED STATEMENT OF PAUL J. LEBLANC

Chairman Alexander, Ranking Member Murray and committee members, I appreciate the opportunity to offer testimony to the Committee on Health, Education, Labor, and Pensions (HELP) and to share my perspective on innovation in higher education, both in terms of opportunity and barriers. We are in a period of extraordinary change and innovation in my industry, driven by a combination of necessity (as institutional business models are breaking down for a variety of reasons) and advances in learning science, technology, and emerging delivery models.

First, a note about myself. My family immigrated to this country when I was a child. My father worked as a stone mason and my mother worked in a factory until she was 76. They had 8th grade educations. I am a first generation college student, the first and only member of my family to attend. My college education changed everything. My daughters, both doctoral students, are living a life my parents could scarcely imagine because I was able to attend college, paying for it by working con-

struction jobs every summer. I made a final payment on my student loans when I was in my late forties. Loans that were reasonable in amount. I have experienced the promise of the American Dream and my college education was the key—affordable, high quality, and meaningful. The mission of my university—and my personal calling—is to find innovative ways to make sure that a college degree continues to be within the reach of Americans with modest means, so they can improve their lives and the lives of their families and communities.

Now, a word about my university. SNHU is a private non-profit university of over 70,000 students with a traditional campus in Manchester, NH, a large online presence, and a new ground-breaking competency-based education (CBE) degree program. This last, dubbed College for America, was in April 2013 the first CBE degree program to be approved under the “direct assessment” provisions of the Higher Education Act, allowing the disbursement of Federal financial aid for actual learning outcomes rather than the accumulation of time-based credit-hours.

SNHU is widely known for its innovative work in providing to students multiple degree pathways that improve quality and lower cost. These include:

- A competency-based 3-year bachelors program created 15 years ago (with FIPSE support) that cuts the cost of a degree by 25 percent;
- The SNHU Advantage Program, with a flat \$10,000 per year cost for the first 2 years program that saves 35 percent of the cost of our regular degree program;
- Our growing online programs (which offer a 4-year degree for under \$40,000);
- The aforementioned College for America (CfA), which provides fully self-paced competency-based Associates and Bachelors Degrees for as little as \$1,250;
- A recent \$3.9m Federal First in the World Grant to develop just-in-time approaches to remedial education.

CfA made headlines last month when Anthem Insurance announced that it would make the degree program free to all 55,000 of its employees, the first national corporation to embrace a CBE program as the college program of choice for its employees. Over 75 major corporations and other employers now use College for America, including Partners Health (the largest employer in Massachusetts) and the State of New Hampshire.

Never has higher education seen a period of innovation like one we find ourselves in today. Consider the range of advances:

- Ten and fifteen years ago we used to ask how to make an online course as good as one delivered traditionally. Today, that question is reversed and the best designed online courses are superior to much of what happens in traditional course settings (though that claim still startles some).
- Learning science is giving us new insights into how the brain works and students learn most effectively.
- Adaptive learning technologies, using Artificial Intelligence and learning science, are allowing for effective learning environments that wrap around individual student capabilities and struggles, creating highly individualized and effective learning pathways.
- MOOCs are proliferating as a form of very high quality, high brand value learning content and we are beginning to better understand how they can be useful in a larger teaching and learning context, such as flipped classrooms.
- Data analytics is providing new optics into every facet of educational delivery, with potentially far-reaching impacts on advising, assessment, and quality. Today, for example, we can use predictive analytics to yield very fine tuned and individualized assessments of at-risk students and then much better tailor for them their learning plan and support, greatly increasing their likelihood of success.
- Game inspired learning environments, engaging and using the kind of built intelligence that we see in adaptive learning, hold the promise of rich-immersive learning worlds and simulations. Any of you who have watched teenagers lost in their game consoles recognize the power of well-developed programs to engage and challenge users and many of those same techniques and technologies can be used in designing learning environments.
- On the margins of higher education, we see a growing ed-tech sector developing a variety of support services, new tools, learning platforms, and more. Some of those are actual education providers with excellent results, though they are not institutions of higher education (IHEs) and thus not in the title IV eco-system.
- And perhaps most profound, competency-based education (CBE) is taking hold with startling speed, with over 300 institutions working on CBE, from community colleges to flagship universities. Next generation CBE represents a paradigm shift in higher education, measuring what students actually know and can do rather than how long they sat (while the credit-hour makes time fixed and learning variable and

hazy), better aligning education with workforce needs, and promising that elusive combination of higher quality and lower cost.

It is an enormously exciting time in higher education. And hard to keep up with. It is also important to point out that with the exception of online learning, the advances just listed have yet to make a substantial impact on higher education, especially for those students who most need help. Not because they are not exciting and offer great promise, but because they are still largely in their infancy and we are still in the development and learning phase. That is why today's topic is so important.

With over \$150b of Federal financial aid at stake and vulnerable students who need protection, higher education is a highly regulated industry and innovation tends to be more difficult in that context. That is simply an objective observation and not an argument for more or less regulation. Existing regulatory bodies have never really been asked to support innovation. It's not the problem for which they are designed, so we have seen accreditors and the Department of Education, and State commissions of higher education all struggle to accommodate and support innovation. Higher education's own culture tends to the conservative and that gets reflected in accreditation standards and a just desire to protect students. Unfortunately, there are also providers who are unscrupulous or of poor quality or both. On the other end of the spectrum, the more elite and wealthy the institution or sector, the more resistant to innovation and change. When online learning started to take off in the mid-1990s, non-profits looked down their noses at that innovation and for-profit providers rushed into the space, eventually taking 12 percent of overall market of college students (and 25 percent of all Pell Grant dollars) and we saw great new providers, as well as unscrupulous ones offering poor quality programs. We are still cleaning up those messes. In sum, it is a complex environment in which to consider innovation, one that needs a balance of regulatory breathing room to invite trying new things *with* a watchful eye to ensure quality and protect students.

All of that said, the Federal Government has had notable successes in seeding innovation, including:

- FIPSE and more recently First In The World grants, which helped scale and/or improve Western Governors University and our College for America programs ;
- By creating regulatory space in which to allow innovation, as it did in the 1990s with the 50 percent demonstration project that led to amazing innovation in online learning (and in not establishing parallel quality assurance, admittedly allowed abuse as well);
- By providing room within legislation, such as experimental site authority and the "direct assessment provision" of title IV that we and others are now using to develop new CBE programs.

Indeed, unlike the experience of the 1990s, higher education seems more ready and embracing of innovation. For example, CBE programs are being rapidly developed and announced. Even elite institutions are finding ways to innovate, with the first MOOC providers coming out of Stanford, Harvard, and MIT (albeit as spin-offs and not within). Pressured to find new delivery models, institutions are more willing to look to new technologies. The ed-tech sector is finding a ready audience for their innovations, a willingness to try new things. It is a very good time for innovation in higher education.

It is useful to distinguish between *sustaining* and *disruptive* innovation, as Harvard professor Clay Christensen uses the terms (full disclosure: he is Trustee Emeritus at SNHU). Sustaining innovation is an improvement in what one is already doing. It is playing the game by the same rules, but playing it better, and higher education has a superb record of sustaining innovation. Disruptive innovation means changing the rules of the game to lower cost, improving what one does, and reaching more people. The committee has asked how higher education innovation can result in more affordable programs of higher quality serving more students. The incumbent models cannot do that without massive infusions of capital and some dramatic rethinking of what they do and how. So the committee is essentially asking for *disruptive innovation*: how can we change the rules of the game to get our desired results?

Therein lies the problem with a regulated industry. The rules are many, detailed, often complex, and really built to keep all institutions within pretty rigid guard rails. Title I, for example, requires that students have "regular and substantive interaction" with faculty members, a rule originally written to distinguish correspondence programs from traditional college programs. It was written before advances in the online world, adaptive learning, data analytics, and more and it is rigorously applied by the Office of the Inspector General, with a chilling effect on programs that might more dramatically reimagine the role/use of faculty. We know now

that teaching and learning is so much more than subject-matter expertise when it comes to designing high quality learning environments and assessment. In defense of the OIG, they are simply doing their job. But the rule constrains innovative program design and experimental sites authority in ED does not extend to title I.

Another example. Title IV allows for the “direct assessment of student learning” as an alternative to the credit-hour. This provision, clumsily named since all CBE should directly assess student learning, should really be called “non-credit-hour CBE”. In all events, while the legislative language allows for an alternative to the credit-hour, virtually all the title IV rules for disbursement of aid are tied to the credit-hour. Innovative new CBE programs, trying to have learning trump time (a very good thing in terms of the quality goal) still have to grapple with technical rules around satisfactory academic progress (SAP), term structures, definitions of full-time, and other time-based rules that constrain program design and make no sense for what people are trying to do.

Similarly, most accreditation is more focused on inputs—governance models, faculty roles, library resources, and so on—than outputs. CBE programs, with their focus on outcomes (What can students do with what they know?) and assessment (How do you know they have that mastery?), invite a very different kind of quality assurance process. Little in existing accreditation dives deep into competencies and the myriad questions that need to be asked:

- Why those competencies?
- Who values them?
- Do they have labor market value?
- Relevancy? And more.

Nor does most accreditation look hard at assessment. Indeed, many would argue that the state of assessment in higher education is very poor, and when it comes to performance-based assessment, necessary when looking at what students *can do*, it is even worse. A regulated industry with rules really built for one kind of educational program or delivery (credit-hour based, informed by traditional residential learning) will obviously struggle with the kind of disruptive innovation you call for now, innovation that wants to—actually, *needs to*—break the existing rules. From the institutional side, nothing scares and thus constrains like the specter of a full-blown financial aid audit or the OIG coming down on an institution, never mind the kinds of sanctions available to State regulatory bodies and accreditors. Regulators and accreditors, whether Federal or State or accreditors, are not ill-intended or bad actors. They are mostly doing the job they have been asked to do and innovation of the kind now being demanded has never been part of the charge.

On the other hand, I am most emphatically not arguing that we eliminate those rules for higher education in general. We do not know enough yet. For example, if competency-based education offers a new currency of learning (actual things students can do with what they know instead of how long they sat), it still does not have an established “exchange” rate. We have as of yet little idea of how to create a transfer system for CBE, and while our credit-hour-based system of transfer is inefficient and problematic, we have nothing upon which to base a transfer system for CBE. Also, if the credit-hour is a measure of time, it *also* reflects a unit of learning, and without a new system of “exchange,” there is really no way for the Federal Government to know what it is paying for—a potential disaster. While the “regular and substantive interaction” rule may not allow for some of the more innovative delivery models we see being developed, no one wants to go back to the abuses of the old correspondence programs of the 1980s.

I find this discussion and the interest in better supporting innovation timely and incredibly encouraging, but I also worry about some of the policy discussions now underway. For two reasons:

- No. 1, we do not know enough about the new programs and innovations to yet make good comprehensive policy. The danger is we write policy for Innovation V.2015 when some of what we are now doing will prove to be ineffective and we have not yet discovered breakthroughs that will improve what we do today. I am not a policymaker and don’t pretend to understand it really, but it seems that policymaking wants to be informed by the best knowledge and thinking possible. We are still learning.

- No. 2, if in the interest of allowing more innovation we make policy too lax, we risk seeing bad actors emerge and students ill-served. We saw it with online learning and we see some evidence of it today with CBE. For example, in proposals that would allow 65 percent mastery of competencies to count as passing (Do you want your nurse to be good at only 65 percent of the things he/she needs to know?). Or providers who care little for rigorous assessment (one of the two pillars of high quality, trustworthy CBE). Consumer protection advocates are right to be wary of inno-

vation without important safeguards and quality assurance. Those need to be simultaneous activities.

So the question is, “what *can* we do?” to stimulate innovation and take better advantage of the energy and openness to change earlier described? What does good innovation policy look like?

I would urge you to think in terms of creating “safe innovation spaces.” In other words, find ways to allow institutions to try things outside of their regular regulatory space. You can do this in the following ways:

- Create a Demonstration Project that removes time-based constraints on programs.
- Create a Demonstration Project that allows non-IHEs into the title IV ecosystem, creating market pressures on the incumbent institutions and providing support for poor students so they can access the high quality providers.
- Expand the Department of Education’s experimental site authority. ED’s experimental site authority was originally intended to allow for more modest tweaks in disbursement rules and is now being used in somewhat more ambitious ways. That effort should be supported and authority expanded to explicitly acknowledge the goals of the committee, to include title I as well as title IV, and should give more “air cover” to institutions when they get things wrong (and if they are *truly* innovating, they will indeed get some things wrong).

For all of these “safe spaces,” allow separate reporting and auditing of the programs, so they do not have an adverse effect on the institution’s key reporting metrics. On the other hand, participation in such projects should demand more evidence, more evaluation, and not simply be a waiver to try new things with little means for understanding what works and what doesn’t. I am arguing for good experimentation and that requires good methodologies and I fear that past attempts have been lax in this regard. Moreover, with better evidence-based experimentation, we can better protect student interests.

In similar fashion, you might give accreditors “safe space” to try very different approaches to quality assurance and similar “air cover” for when they get it wrong. If an accreditor believes they will be hauled before this committee and harangued if an innovative program falls short or their new quality assurance approach is found wanting, there is little incentive for them to try something new or work closely with innovative providers. On the other hand, if you allow for more flexibility, insist that new innovation accreditors shift their focus to outcomes and transparency of data. Doing so will tell us much more quickly what is and isn’t working, will cull out the poor players. Make room for new accreditors using very different outcomes-based approaches or for existing accreditors to create outcomes-based alternative pathways to approval. Whatever criticisms might be leveled at accreditors and regulators, there remains very little incentive for them to take chances. Only bad things happen to them as they get little to no credit for successes and take on a lot of risk with failure. If you want them to act differently, create the space for them to do so and some protection for the mistakes that come with innovation—and often, it is the mistakes that lead to breakthroughs, by the way.

In terms of protecting students, as suggested above, there is much that can be done to make participation in safe space innovation incumbent on transparency of data, access to programs for reviewers (and online technology makes optics into program performance so much more powerful), and success in lowering costs, and limiting the number of enrollments. You might also consider some risk-sharing elements and varying levels of latitude depending on provider track record and other factors. In a more open, more experimental innovation space, access to aid and lending might be differently structured and tiered depending on the provider, the program, and other factors. I believe, Mr. Chairman, that you have explored these ideas.

Finally, we need any policy supporting innovation to focus on assessment, evidence, and genuine outcomes (what individual students can do and what they know) and outputs (program results like job placement, increase in earnings, level of debt, and more). For the former, we need to improve our practice, especially in performance-based assessment. When our lives matter, as in medicine, we do not rely solely on board scores, we insist on clinicals under the watchful eye of expert practitioners. Pilots can take exams, but we put them in flight simulators for hours, under the gaze of expert pilots, before they ever get behind the controls of a plane full of people. And even then, they work their way up. There is a general crisis of faith in the labor market: too many college graduates that can’t write, read a balance sheet, calculate percentages, stand up and present to a room full of people. We need to work hard on assessment and know that when we say a graduate can X or Y, that the assessment we used gives us confidence to stand behind that claim.

If we can shift our focus to outcomes and clear claims for learning and rigorous assessment, we can far better serve the interests of students, of quality, of the workforce. We may have to come to grips with lower completion rates for a while—there are too many college graduates being passed along today—until we learn how to deploy the full array of advances described earlier, many of which allow us to use human support in more impactful ways. We can rethink our definitions of quality and how we know, allowing us to then rethink accreditation. Today we have an alignment of need, of desire, of willingness, and of new advances that can result in a new higher education system that holds onto the best of what we have today, while creating new and effective delivery models.

In closing, I urge you as policymakers to find a balance appropriate to where we are as an industry. It is a balance between creating safe spaces for innovation (for both institutions, new providers, and quality assurance entities), giving the Department of Education a mandate and the tools to be more expansive and expeditious in supporting innovation, and demanding better evidence, more data, and greater transparency than traditional higher education generally provides today. There is much to learn in the next 2 to 3 years and with that learning in hand, you can write policy for a new American higher education that provides the advances in affordability, quality, and access you seek, and more importantly, keeping the American Dream alive for the millions of Americans who feels it increasingly out of reach today.

The CHAIRMAN. Thank you.
Mr. Horn.

STATEMENT OF MICHAEL B. HORN, CO-FOUNDER AND EXECUTIVE DIRECTOR, EDUCATION PROGRAMS, CLAYTON CHRISTENSEN INSTITUTE, SAN MATEO, CA

Mr. HORN. Good morning, Chairman Alexander and Ranking Member Murray, and distinguished members of the committee. Thank you so much for the opportunity to speak with you about the opportunities and barriers for innovation in higher education, which has been my work at the Clayton Christensen Institute for nearly a decade now.

As we're gathered here to explore innovation in higher education, it's appropriate that we focus on the concept of disruptive innovation, which is a catch phrase that is certainly on the minds of many in traditional higher education institutions.

Although it's true that disruptive innovation has arrived in higher education, the concept is all too often misunderstood and misapplied. I wanted to spend a little bit of time up front just clarifying what the concept actually means.

Disruptive innovation is the force that transforms sectors where the products or services were expensive, complicated, inconvenient, and inaccessible and therefore only served a limited population with expertise or wealth, into services and products that can serve many more people because they're far more affordable, convenient, accessible, and simple to use. It's the process that's transformed and made computing, automobiles, retail, service industries, non-profit, governmental, and highly regulated industries far more affordable and accessible.

There are four rules that I want to focus on around disruptive innovation that are worth noting for this conversation. First, disruptive innovations tend to start outside of the mainstream, in areas of what we call non-consumption, where the alternative for those users is quite literally nothing at all.

Second, they tend to be simpler than existing services, and therefore the elite and leading organizations in a field tend to dismiss

them. They also redefine the notion of what is quality and performance and, as such, they fit poorly in existing regulatory structures.

Third, incumbent organizations cannot successfully introduce them within their core operations.

And finally, although disruptions start by addressing those simple problems, they predictably and reliably improve to serve more complex problems over time and transform sectors.

As we've studied the challenges and opportunities in higher education, what we've observed is that online learning, broadly defined, is the first disruptive innovation in higher education since the advent of the printing press and, combined with competency-based learning, has extreme transformational potential for students.

I want to focus on a class of institutions emerging outside of traditional higher ed today, as you've already heard from an online competency-based university.

One group is broadly known as the coding bootcamps, although they've extended beyond coding. A classic example is General Assembly, which offers brick and mortar co-working experiences combined with online learning which offers students short, intensive, focused programs to help students find jobs with their new skill set. General Assembly reports having a 95 percent job placement rate into a student's field of study and is already graduating over 1,000 students per month.

Another group is powered exclusively by online learning and helps students skill up in their career journeys. Udacity presents an interesting case because they have pivoted to teach the IT skills that employers need today, and they've created a credential, the nanodegree, that many employers have endorsed. It also created the Open Educational Alliance, an industry-wide alliance of educators and employers that amounts to a *de facto* accrediting organization.

Finally, some of these new programs are serving students who do not already have traditional degrees. I want to focus on one called LearnUp, which educates entry-level job seekers in America through leveraging online technology and has now trained over 95,000 people for entry-level jobs who perform better than their peers in those organizations. It was born from the experience its founders had spending 6 months in unemployment lines in 2011 to understand why these people were struggling to get and maintain jobs.

With an understanding of the theory of disruption in place, there are a few important policy implications that challenge our existing regulatory structure that I want to conclude my remarks with.

First and unsurprisingly, given disruptive innovation theory, traditional accreditors were not built to assess these new types of innovations, and we shouldn't be surprised if their existing processes would struggle to judge their quality.

Second, because these programs are emerging in a variety of fields, taking the tack of government-mandated assessments that are common to all these programs would likely stunt innovation, but focusing on new accrediting organizations or new financing mechanisms around these programs would be a potential pathway to guarantee their quality.

And third, these institutions collectively challenge the definition of higher education enshrined in current law as they are programs and courses but not institutions. So in the years ahead they will increasingly push us to ask: What is college?

Thank you for your time today, and I look forward to the conversation.

[The prepared statement of Mr. Horn follows:]

PREPARED STATEMENT OF MICHAEL B. HORN

SUMMARY

Disruptive innovation is the force that transforms sectors where the products or services were expensive, complicated, inconvenient, and inaccessible and therefore only served people with the most expertise or the most wealth into ones where the products and services are affordable, convenient, accessible, and decentralized such that many more people can benefit from them.

Online learning is a disruptive innovation. Combined with competency-based learning—in which students progress upon true mastery of their learning—there is a big opportunity to transform our higher education system into a more affordable, student-centered one that is able to serve many more students.

Disruptive innovations have four features worth noting. They start by serving nonconsumers outside of the mainstream. They tend to be simpler than existing services and don't fit neatly into existing regulatory structures. Incumbent organizations cannot successfully adopt them within their core operations. And they predictably and reliably improve over time to tackle more complex problems.

There are many new types of organizations emerging with disruptive potential.

One such group is broadly known as the coding boot camps. They combine online learning with brick-and-mortar co-working experiences to offer students short, intensive, focused programs to help students find jobs with their new skill set. *General Assembly* reports having a 95 percent job placement rate into a student's field of study and is already graduating over a thousand students per month to transform higher education from a destination into an experience that one returns to over and over again through a journey of lifelong learning.

Another group is powered by online learning and also helps students skill up in their career journeys. *Udacity* teaches the IT skills that employers need today and has created a credential—the nanodegree—that many employers have endorsed. It created the *Open Education Alliance*, an industry-wide alliance of educators and employers that amounts to a *de facto* accrediting organization.

Finally, some of these new programs are serving students who do not already have traditional degrees. *LearnUp* educates entry-level job seekers in America through leveraging online technology and has now trained over 95,000 people. Its employer partners pay for the training.

These disruptions challenge the existing regulatory framework in three ways. Traditional accreditors were not built to assess them. Using government-mandated common assessments to judge their quality could create barriers to innovation, but alternative financing and accreditation systems could be useful. And these organizations challenge the definition enshrined in current law of what is a college.

Good morning, Chairman Alexander, Ranking Member Murray, and distinguished members of the committee. Thank you for giving me the opportunity to speak about barriers to and opportunities for innovation in higher education today.

My name is Michael Horn, and I am the cofounder and executive director of the education program at the Clayton Christensen Institute, a non-profit, non-partisan think tank with offices in Lexington, MA and San Mateo, CA that seeks to transform our education system into a student-centered one that allows all students to fulfill their potential.

As we are gathered here today to explore the topic of innovation in higher education, it is appropriate that we address the concept of “disruptive innovation”—a catch phrase that is on the minds and tongues of many in colleges and universities.

Although it is true that disruptive innovation has arrived in higher education, the concept is all too often misunderstood and misapplied, so in my testimony today I am going to first define and explain the theory; talk about how it applies to higher education; then give some examples of potential disruptors emerging in higher education; and finally mention some of the policy implications.

Disruptive innovation is the force that transforms sectors where the products or services were expensive, complicated, inconvenient, and inaccessible and therefore only served people with the most expertise or the most wealth into ones where the products and services are affordable, convenient, accessible, and decentralized such that many more people can benefit from them.

It is the process that transformed computing. Before disruptive innovation, big mainframe computers that cost a couple million dollars to own and were limited to an elite population dominated the industry some 50 years ago. Thanks to disruption, computing is now a sector in which the majority of us carry around mobile devices in our pockets and pocketbooks that can do things no mainframe computer on the face of this earth could possibly have done over half a century ago.

Disruption is widespread. It is the process that has made everything from automobiles to retail and from service industries to non-profit, governmental, and highly regulated industries more affordable and accessible.

There are a few rules of disruptive innovation worth noting. Disruptions typically start in areas of what we call nonconsumption—areas where the alternative is nothing at all—outside of the mainstream. For example, the first Apple personal computers were sold as toys to hobbyists and children who couldn't afford a quarter-million dollar minicomputer and therefore, prior to the personal computer, had no access to computing. Second, they tend to be simpler than existing services; as a result, they take root in undemanding problems at the outset, and the sector's leading organizations tend to dismiss them because they don't look terribly good in comparison to the way people have traditionally thought of quality. But they also redefine the notion of what is quality and performance. As such, they don't fit neatly into existing regulatory structures and often create new ones over time. Third, not only do incumbent organizations dismiss them because they at first appear to be primitive, but incumbent organizations also cannot successfully introduce them within their existing models, as the steps to doing so are counterintuitive for most parts of the mainstream organization. Finally, although disruptions start by only addressing simple problems, because they are driven by a core technology, they predictably and reliably improve over time to tackle more and more complex problems. As they do so, they retain their initial value proposition around affordability, accessibility, and simplicity and gradually serve more and more people until, at some point in the future, they supplant the old way of doing things for most people.

As we have studied the challenges and opportunities in higher education, what we have observed is that online learning, broadly defined, is the first disruptive innovation to appear in education since the advent of the printing press. Combined with competency-based—learning—in which students progress upon true mastery of their learning, not because of an arbitrary time-based measure—we see huge opportunities to seize this disruptive innovation and transform our higher education system into a more affordable, student-centered one that, as a consequence, is able to serve many more students and transform our notion of quality and performance from measures of time and selectivity to learning and outcomes for all students.

True to form, we are seeing a variety of potentially disruptive organizations powered by online learning emerge from outside traditional higher education. These upstarts are reaching those students who need more education but for reasons having to do with convenience and accessibility, simplicity, and cost, are, at that point in their lives, nonconsumers of traditional higher education. The organizations are generally simpler, more focused institutions than our traditional colleges and universities and do not look like traditional higher education; they do not have 4- or even 2-year programs, they lack breadth, they do not do academic research, and they don't have grassy green quads. Accordingly, the existing regulatory structures do not know how to judge them. Even as many of our traditional institutions of higher education have paid lip service to the innovations these new entities are unlocking, by and large they have not harnessed their disruptive potential themselves. And although they are starting by solving simple problems, we can predict with certainty that this upstart sector as a whole will improve to solve more complex problems over time and further blur the lines around what is higher education. What's exciting is that with the help of these disruptions from the fringe, we have the opportunity to make a quality higher education fundamentally affordable and thereby allow many more people access to its benefits.

This committee is aware of the emerging class of online, competency-based universities, and is hearing from one today. Many of these institutions are following the classic patterns of disruptive innovation. I am going to focus my remarks on three other groups of organizations that are, in classic disruptive fashion, emerging from the fringe outside of traditional colleges and universities.

One such group is broadly known as the coding bootcamps—institutions ranging from General Assembly to Galvanize and from Flatiron School to Dev Boot Camp.

These boot camps, which are beginning to move beyond simply teaching coding skills, generally combine online learning with brick-and-mortar co-working experiences to offer students short, intensive, focused programs to help students find jobs with their new skill set. And they are growing fast. One *recent survey* by Course Report found that in 2014, 6,714 students graduated from coding boot camps specifically, a number that is expected to rise by 138 percent in 2015 to 16,056 graduates. To put that number into perspective, there were roughly 48,700 undergraduate computer science graduates from accredited universities in 2014. The average price of these coding bootcamps is \$11,063, and the average length of a program is 10.8 weeks. As a result of their length and focus, they are far more accessible than traditional higher education for thousands who cannot go or return to a traditional institution of higher education for the length of time it would take to receive the corresponding skillset. In many cases, this *just-in-time education* is offering learning opportunities that would not even be available on many traditional campuses. And alternative financing mechanisms are emerging to help students afford the experience and send students signals about which programs offer the more promising pathway to success.

General Assembly is arguably the poster child for the sector. It offers full-time courses to help students make a career change, part-time courses to help students level up in their career, online courses, and online tutorials in topics ranging from web development to product management and from digital marketing to business foundations. Its full-time and part-time courses run 8 to 12 weeks, and it works hard to connect students and employers, as it reports having a 95 percent job placement rate into a student's field of study. With campuses in 14 cities and five countries, General Assembly is already graduating over a thousand students per month and transforming higher education from a destination into an experience that one returns to over and over again through a journey of lifelong learning.

Another group of emerging programs is powered strictly by online learning and also helps students skill up in their career journeys. From Udemy to Udacity and Lynda.com, these programs are growing fast and have generally chosen to avoid playing in the traditional higher education arena. As an organization that emerged from a traditional university, *Udacity* presents an interesting case study, as it pivoted to teach the IT skills that employers need today—sometimes with employers building the courses themselves—and it has created a credential—the nanodegree—that many employers have endorsed and takes 6 to 9 months to complete for a student studying 10 to 15 hours per week. The content in Udacity's online courses is free; enrolling in a course for credit costs roughly a couple hundred dollars per month. With enrollment in a course comes a much more immersive experience with hands-on projects and active coaching while still maintaining the inherent flexibility of online learning by having the courses available on-demand. And a new feature of the Nanodegree program will give students half the tuition back if they graduate within 12 months of enrollment. What's particularly noteworthy about Udacity besides that it is also seeking to turn education from a one-time event to a lifelong experience, is its work in creating the *Open Education Alliance*, an industry-wide alliance of educators and employers that include Google, AT&T, and Intuit. This alliance amounts to a *de facto* accrediting organization, as the employers' participation lends credence to the nanodegree credential that Udacity offers, such that traditional accreditation's seal of approval is far less meaningful outside of the access to Federal dollars it brings. In other words, organizations like Udacity will ultimately build their credibility not from traditional accreditation, but from the *reputations they develop* based on the success of their students with employers.

Finally, some critics of these new programs observe that many of them are serving students who already have traditional degrees and therefore are well-prepared to take advantage of the offerings, but that these programs are not useful for the majority of students who have not completed a college degree. Disruptive innovation theory suggests that there are several reasons that this pattern may not hold in the future, and, at least in some programs, that future is already present. A new program called The Guild is launching that explicitly plans to give adult students the skills and support to succeed in the middle skills economy. Another organization, *LearnUp*, presents an even starker counter-example, as it educates entry-level job seekers in America through leveraging online technology. Born from the experience its founders had in 2011 when they spent months in unemployment lines to understand why potential employees were struggling to get hired, the team concluded that job seekers not only often lack the skills they need to succeed in jobs, but also don't know what they need and what different jobs entail. *LearnUp* has now trained over 95,000 people for entry-level jobs, who, according to the company, stay longer and are 78 percent more effective than their peers. It also reduces the risk for its students because its employer partners, such as Staples and Old Navy, pay for the

training and students can experience what a particular job is like quickly through *LearnUp* before actually being hired to ensure the fit is right.

With an understanding of the theory of disruptive innovation in place, it is unsurprising that all these potential disruptors are emerging outside of traditional higher education. And as U.S. Department of Education Under Secretary Ted Mitchell *has noted*, they pose particular problems to the existing regulatory structure that has long governed post-secondary education. With my remaining testimony, I will note three specific challenges.

First, and unsurprisingly given disruptive innovation theory, traditional accreditation was not built to assess these new kinds of providers, nor as incumbent institutions built around the existing order of higher education should we expect them to be able to do so in the future.

Second, these programs are emerging in a wide variety of fields that are constantly changing. As such, if the government is interested in funding low-income students to attend them, determining their quality through common, government-mandated assessments will be difficult and unwieldy at best and could stunt innovation. But my testimony suggests two other paths that could aid in judgments around quality: new financing mechanisms and employer-led *de facto* accreditation. Moving beyond today's all-or-nothing access to Federal dollars that allows many students to avoid making rational quality-cost tradeoffs may be important as well.

Third, these institutions collectively challenge the definition of higher education enshrined in current law, as they are programs and courses but not institutions. In the years ahead, they will increasingly push us to ask the question: what is college?

Thank you for your time today. I am excited that the committee is taking seriously the innovation emerging in higher education and asking how we can harness it to create a better future for all students.

The CHAIRMAN. Thank you for very interesting testimony.

We'll now have 5-minute rounds of questions.

Mr. Horn, in General Assembly and Udacity, are those students eligible for Federal aid?

Mr. HORN. No, they are not.

The CHAIRMAN. They're not.

Dr. LeBlanc, are 55,000 students from a single corporation—

Mr. LEBLANC. Fifty-five thousand employees, 35,000 of them without college degrees.

The CHAIRMAN [continuing]. Will they earn college degrees from your university?

Mr. LEBLANC. All can have, and in the first hour after we announced it within the company we had 900 inquiries.

The CHAIRMAN. What would be the cost of that per student?

Mr. LEBLANC. None to the student, and our program is \$2,500 a year.

The CHAIRMAN. Versus a \$10,000 degree?

Mr. LEBLANC. Yes, and less than their annual tuition remission program provides.

The CHAIRMAN. Are those students eligible for Federal loans?

Mr. LEBLANC. Yes, because our program was approved by the U.S. Department of Education. It is title IV eligible under the direct assessment rules.

The CHAIRMAN. Under direct assessment. Was it also approved by an accrediting agency?

Mr. LEBLANC. Yes, yes. That's required before one can come forward for direct assessment and approval.

The CHAIRMAN. The opportunities—your testimony seems to suggest a way to deal with this. Senator Murray may have, too, in her remarks.

Dr. Gellman-Danley, I think I hear you saying give us a little more room in the accrediting agencies and we can allow more—we

can deal with these innovations as they come through the process. That's what you're saying, right?

Ms. GELLMAN-DANLEY. Exactly. We are on the ground every day with these institutions, and we find brilliant ideas—

The CHAIRMAN. What keeps you from doing that now?

Ms. GELLMAN-DANLEY. There are a lot of Federal regulations that—

The CHAIRMAN. Like how many?

Ms. GELLMAN-DANLEY. There's over 100. I mean, there's a lot.

The CHAIRMAN. Could you give us a list of the obstacles that keep accreditors from doing what you just described?

Ms. GELLMAN-DANLEY. In time, and I would be—

The CHAIRMAN. I don't mean today.

Ms. GELLMAN-DANLEY. Right. I will say that time to do our business will correlate directly with that list, and we will be very glad to provide that.

The CHAIRMAN. That would be helpful to see that.

Do I hear from Dr. LeBlanc that you're suggesting that just opening the door to everything could lead to disastrous, unanticipated consequences, but that perhaps more flexibility for accreditors, perhaps larger experimental programs, perhaps more demonstration projects would be the way we should be thinking about this. Is that right?

Mr. LEBLANC. That's correct. I think you need to create safe space for all the players to try new programs, and the issue with competency-based education, I would argue, is that higher education is not yet nearly as good as it needs to be in the area of assessment. Two key questions, which is what are the claims they make for student learning, and how do you know? We're not as good as we will be in the future on the how do we know, and we see great advances. That's what's going to determine quality. It's what's going to cull out providers. It ultimately will protect students and employers.

The CHAIRMAN. Colleges haven't really spent a lot of time on assessment. I mean, when I was at the University of Tennessee I appointed the first vice president for assessment, and the question from a lot of people was, well, what is there to do, because you assess class by class and do lots of things.

Why have there been so few applicants for the direct assessment? Or approvals maybe I should say.

Mr. LEBLANC. I won't speak for the Department, but I certainly speak for many of my peers who are working in this area. I think the title IV rules about disbursement are very onerous. You've got a fundamental mismatch, right? Which is you're asking us to design programs that are untethered to the credit-hour time, yet all of the ways that we will disburse aid are connected to the credit-hour time.

The CHAIRMAN. That's right. Let me talk about that just a minute, because here we're talking about reauthorizing higher education. This affects how the Federal Government, from its taxpayers, distributes about \$135 billion a year, \$100 billion in loans, \$35 billion in aid. All these definitions, I guess all, are really based on the credit-hour concept, how much time you spend in school rather than what you learn. That means you have to go all the way

through that and change those definitions. But at the same time, if we do that for everything, we might open the door to the unanticipated bad consequences that you mentioned and that Senator Murray talked about.

How do we change the definitions? In the time you spent with Ted Mitchell, did you figure out how to change the definitions of the credit-hour in such a way that we could responsibly begin to allow competency-based education to occur?

Mr. LEBLANC. Let me say that we don't have right now a credible system of transfer credit or unit measures. Time everyone understands. A credit-hour is about time. It's also a unit of measurement. It's a unit of learning. While it's an ill-defined one, most of us who have worked in higher ed know it when we see it.

We have a system. That doesn't exist in competency-based education today, nor do we have a system of reliable micro-credentials and badges of the kind that Michael and you and others have alluded to. A lot of good work is being done on this front right now. Lumina just funded a major project at GW that's looking at an ANSI standards-based approach to micro-credentials and how we start to rationalize the system.

It's a new movement, so there's not any agreed-upon taxonomy. You hear all kinds of terms being used. This isn't emblematic of failure in this new movement. It is reflective of how early it is. What I think I'm arguing for here is more time to innovate and experiment and to give people more space to do that than they currently enjoy given the systems and rules we work with. You will make better policy in a couple of years. You will know a lot more about this in a couple of years.

The CHAIRMAN. Thank you.

Senator Murray.

Senator MURRAY. Thank you, Mr. Chairman.

Dr. LeBlanc, I believe really strongly that our policymaking should be based on evidence and on data, and with higher education the results of any innovation should tell us how a program works, for whom, and for how much, especially when it comes to serving our students most in need. I wanted you to expand on your suggestion that Congress create some safe innovation spaces and evaluate outcomes. What would those spaces look like, and how could we ensure that we safeguard student interests while we foster innovation?

Mr. LEBLANC. Sure. In terms of the tools you have available to use, certainly demonstration projects. If you remember, it was a demonstration project in the 1990s that really opened the door for innovation in higher education. Any of this expansion of safe space, it seems to me, needs to be accompanied by a different approach to quality assurance.

One might be quick to point out that that same kind of spurring of innovation—genuine, substantial, changing our industry—also invited a lot of bad agents and players, and there was a lot of student abuse that's still being cleaned up. Both those things happened.

I think we can learn a lesson from that and think about safe spaces that require a greater level of transparency from the players. If you want in as an institution, demand more data than high-

er ed is generally willing to provide. There's a great resistance to that level of transparency in my industry, unfortunately.

I think we need to demand more rigorous and better assessment. I think we have tools now to give regulators better optics into the work itself. If you're looking at an online program, like CBE is, give the accreditors the ability to go in and look at the data and the systems. Data analytics is so powerful, and system people come forward with proposals that they outline the kinds of things they can know and how they'll know. There are really powerful tools now that weren't available 10 and 15 years ago.

The idea of the site visit is rather an antiquated notion in my mind. It's an artificial act. That ability to go in and take a look at actual student data and the kinds of things that are going on in those learning experiences, is very powerful.

You also right now don't have the underlying systems that would allow a lot of the innovation that people are demanding. There is no student information system in the market today that can handle CBE adroitly. There is no financial aid system, with one exception of a program that's emerging, that can handle financial aid in the ways it needs to be handled. We've got to allow some of this experimentation, some of this evolution, and have a lot of quality control alongside it.

I think Barbara's point—one of the things I was asked to do by Ted is to work on ways to stand up new quality assurance processes, and maybe even new quality assurance providers, and there's a lot of interest in this right now. What was encouraging is that the regionals, hearing this, actually stood up and said we'd be interested, can we try some of that new approach, and can we carve out space in which to do it. Many accreditors are really concerned about things like the OIG swooping in and saying the Department may have said you can do this, but this is what the rules of the game are, and we're going to enforce them.

Demonstration projects, expanded ex-sites. Ex-sites are really only meant to tweak, to make small tweaks in Federal disbursement, things like if we get 5 days instead of 2 days, does that change the efficacy of the system. We have an expanded effort to use ex-site authority more broadly. That should expand to title I as well.

Senator MURRAY. OK. I appreciate that.

Mr. Merisotis, given the astounding increase in college costs over the last decade and the student debt that continues to increase, many of our students and families are really looking to pathways of higher education that are much more affordable. How important do you think it is for innovative models of higher education to bring down costs for students?

Mr. MERISOTIS. I think it's very important. I think it's one of the great promises of these innovations, which is that if you can lower the cost, you can actually serve the students better. I think that the model of Federal policy has to be centered around this idea of the student. The fundamental problem is that it's centered around this idea of the institution. The institution is really the driver of Federal policy today.

If you look at these new types of providers of post-secondary learning, the kinds of things that are taking place in existing insti-

tutions like Southern New Hampshire University and the new efforts, the General Assembly's, the examples that I mentioned of great types of post-secondary learning existing in other types of cultural institutions like libraries, community-based learning centers, et cetera—this is not all technology driven—it's very important for us to see these as opportunities to bring down the cost and bring up the quality. In other words, we've got an opportunity here to actually put the students at the center and put their learning, the outcomes that they get, the results that they achieve, at the center of the process, as opposed to trying to figure out whether or not this provider or that provider is the right one to do the work.

If we can be clear about what the student outcomes are, we can then have an array of providers who get rewarded for serving those students well in the process, and those rewards I think will help to bring down these prices and the higher cost to families.

Senator MURRAY. Will this just be saving time? Should we just be focused on that? Or on returning some of these dollars to the students themselves?

Mr. MERISOTIS. Yes. The money's got to go back to the students. That's the key. Saving the time—if the cost savings aren't going back to the students, then we are not serving their best interests. Their best interests have to be at the heart of this. I think that's the most critical element of the entire equation.

Senator MURRAY. OK. Thank you.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Murray.

Senator Cassidy, and then Senator Warren.

STATEMENT OF SENATOR CASSIDY

Senator CASSIDY. I don't know who to direct this to, so I'll open it up and whoever wishes to reply.

I teach with LSU Medical School. We actually, in the second 2 years of medical training, have competency training. The young student comes with me and I help her examine an abdomen, and then we discuss the differential diagnosis.

Of course, there's the first 2 years of intensive classroom training, and then there's 4 years typically before that. On the other hand, we do have competency training, at the end of which I grade the student as honors, high pass, pass, fail, and then there's a test.

We have all these issues of how we reimburse based upon competency, but it seems as if, at least in medical school and I presume veterinary school, this has been worked out. If this paradigm has been worked out in some situations, by the way, whenever I tell people I teach but I'm not lecturing, I'm not writing on a board, I'm not with a PowerPoint, they don't comprehend it. I will tell that among my colleagues. I'm saying that this is a different paradigm.

Tell me, if we do have that paradigm, and we have all these definitions we have to change, and yet in this one situation the definition is perfect, some of it needs to be reconciled, those two schools of thought?

Mr. LeBlanc, I'm from Louisiana. I will never call you Mr. LeBlanc.

Mr. LEBLANC. Thank you.

[Laughter.]

Senator CASSIDY. I don't know how you pronounce it, but back home we say LeBlanc.

You spoke of this earlier. How would you comment? We do have a paradigm. Can we apply that paradigm of medical school to other fields?

Mr. LEBLANC. That paradigm exists in all those fields where we care the most. We also have pilots who take exams, but we don't let them get behind the controls of a plane until they've been in a simulator for X number of hours. And then, like you, they work under the eyes of an expert supervisor in the right-hand seat before we let them pilot.

You evoke the critical challenge in assessment right now for these new programs, which is they really are less about what you know and far more about what you can do with what you know. This helps bridge the gap for employers who, in the Pew study of about 18 months ago, it was revealed that about 75 percent of university provosts believe their graduates are ready on Day 1, but only 11 percent of employers agree with them. There's a yawning gap, and we can talk about why that's true.

Senator CASSIDY. How do we take this paradigm, which is being used in medicine, veterinary, and pilot training, and we take it into engineering or dietetics? Dietetics has an apprenticeship as well.

Mr. LEBLANC. Employers would say let's take it to writing. We're sick of hiring people with 4-year college degrees who can't write. We're sick of hiring people with 4-year college degrees who can't read a spreadsheet. I think that's where we need to do a lot of work, on performance-based assessment. If the State of assessment, as Senator Alexander alluded to, is not very good in higher education, the State of performance-based assessment is—

Senator CASSIDY. Can I suggest something?

Mr. LEBLANC. Yes.

Senator CASSIDY. In medicine, if we send somebody to a private hospital, they'll actually reimburse the physician for the time she spends instructing as opposed to seeing patients. Could we have a novel sort of higher ed program where the engineering firm takes on internships that actually have a designated teacher, and they will actually spend a portion of their time instructing as opposed to strictly engineering? Do you follow what I'm saying?

Mr. LEBLANC. We're seeing lots of new delivery models that do much of what you have just described, and like our effort to get CBE to work within a time-based system, these programs have to work their way through standards of quality approval and accreditation. The accreditors have been pretty good about allowing a lot of that flexibility. I still think you're now almost pointing further down the road to how do we pay for it, and I think there are interesting models of performance-based funding, risk-sharing models—

Senator CASSIDY. Except that the Federal Government heavily subsidizes medical education. In terms of paying for it, the Federal Government is actually paying for competency training right now for these sorts of things we've been discussing.

Sir, you had a comment?

Mr. MERISOTIS. Yes. I just wanted to add that the other element of competency here is, as Paul said, what you know is equally im-

portant, and part of competency is generalizable skills. Every degree, every credential that you get from a post-secondary institution should not only tell you something about engineering or graphic design or medicine, it should also give you the tools that you need to be a critical thinker, a problem solver, a communicator. Those things are very important. Employers actually value those things more than the content knowledge in an awful lot of jobs in this country. Figuring out how to develop these systems so that all of the degrees that have students at the center have those competencies that are both generalizable and content specific is going to be an important part of this broad, large-scale demonstration that we're talking about here.

Senator CASSIDY. I'm basically out of time. I yield back. Thank you.

The CHAIRMAN. Thanks, Senator Cassidy.

Just for the record, in Tennessee we have Lafayette and La Follette.

[Laughter.]

And up the road in Illinois and in Missouri they have Cairo, IL and Cairo, MO.

Senator CASSIDY. In Louisiana we also say you're a bunch of Yankees, but that's OK.

[Laughter.]

The CHAIRMAN. In east Tennessee we are, really.

[Laughter.]

Senator Warren.

STATEMENT OF SENATOR WARREN

Senator WARREN. Thank you, Mr. Chairman.

In your testimony, several of you talked about Federal regulations driving up the costs and preventing colleges from innovating in ways that would make college more affordable. If that's so, then we absolutely should consider changes. If we're going to loosen Federal regulations, we ought to be sure that the colleges are going to pass those savings on to the students, and it seems that some colleges are not willing to do that.

At a hearing 2 years ago, I asked Dr. LeBlanc to explain why his college offered an online program that ran a 22 percent profit margin, and Dr. LeBlanc responded that his university uses the profits to subsidize the college's campus-based program. Bloomberg, the Chronicle of Higher Education and others have reported that the profits helped build a new student center, a dining hall, and an Olympic-sized swimming pool. In other words, the lower cost of an online education wasn't passed along to the students who got the online education. Online education was a cash cow for whatever else the school wanted to buy.

This year in a hearing on the cost of compliance with Federal regulators, the president of Vanderbilt said that they could save a lot of money if Federal regulations were cut. During the hearing I asked him would he commit to using the savings from reduced regulatory cost to bring down the prices for students, and the president wouldn't agree to do that. Instead, he said the university should have the freedom to spend the savings wherever they wanted to spend the savings.

Mr. Merisotis, you're an expert on higher education policy. Does current law provide enough incentives for colleges to reduce costs for students?

Mr. MERISOTIS. No.

Senator WARREN. That was easy.

[Laughter.]

Mr. MERISOTIS. Part of the problem is that there are not incentives to lower costs and prices built into the Federal formula. There should be rewards built into the way in which the aid approval process works so that the institutions that are doing a better job of serving students by producing better outcomes, learning outcomes, employment outcomes, student satisfaction outcomes, that should be a part of the equation.

I think the bigger question here, Senator Warren, is that we really don't have a common understanding of what affordability is in higher education.

Senator WARREN. I want to stop you there. I want to underline what you just talked about before we go into the different definitions of affordability, because the Chairman quite rightly pointed out the Federal Government is putting \$136 billion into our schools every single year, and I think what you just described is the schools have no skin in the game, that whether they do a good job or a bad job, as long as they can skirt past their accreditors, they're going to be just fine. They're going to keep 100 percent of the money, and their incentives, then, are to attract students in other ways, whether it's Olympic-sized swimming pools or whatever else it is they're going to offer. That's where the incentives lie for the schools right now. If we don't have schools with some skin in the game, that's not going to change.

Mr. MERISOTIS. Increasing competition so that we expand our understanding of who the providers are of post-secondary learning I think is one way to help bring down those costs. Creating some incentives so that there is more competition for the colleges and universities to actually do exactly what you're talking about is very important.

My point about affordability is pretty simple, which is that we're all for it but none of us actually knows what it means. It's hard to find someone who can say I'm not for a more affordable system, but when we then ask the question what does affordability mean, we have no common understanding of what that is.

I think that is a very important part of the Federal policy dialog. What is an affordable education? What does it actually mean from the student perspective? What is an appropriate amount of money that you could contribute, either from earnings or savings, to your own education? If you can't do that, then how do we allocate resources to make sure that if you're low income, if you're a working mother, if you're someone who doesn't have the capacity to do that, that the government is going to be able to support you?

Affordability is an eye-of-the-beholder issue for us right now. You can get a Bachelor's degree for a few thousand dollars a year in tuition or for tens of thousands of dollars a year in tuition. This issue of defining affordability I think is one of the most important issues we've got to tackle in national policy.

Senator WARREN. I appreciate that you may be able to say that we can't say exactly where the center of the bulls-eye is and exactly where the resting point is that we can say a college education has become affordable, but I guarantee we can say that it is becoming less and less and less affordable every year. The numbers are pretty clear on that. When it keeps getting more and more expensive and more and more middle-class families are having to borrow more and more money just to get their kids through school, I think we can say this is a problem that is getting worse and we need to turn it around and start pushing it in the other direction.

I just want to say, because I'm going to run out of time here, if we reduce regulatory costs for college, those savings must be passed on to our students, and right now colleges will not commit to doing that. Our colleges face a lot of different pressures, to recruit more applicants, to raise academic standards, to beat out their competitors, but there is almost no pressure to improve affordability, and Federal policy does not help on that. It's easy to prioritize a swimming pool or a dining hall or a climbing wall over decreased tuition because the Federal Government is right there with the grants and with the loans to make it possible. We need the Federal Government to back us up. When it comes to Federal loans and Pell Grants, colleges need some skin in the game.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Warren.

Senator Bennet.

STATEMENT OF SENATOR BENNET

Senator BENNET. Thanks. I'd like to pick up a little bit on the discussion we just were having around affordability.

By the way, I want to congratulate both of you for your leadership on elementary and secondary school. It gives me a lot of confidence that we're going to be headed in the right direction in higher education as well. It's really a privilege to serve on this committee with your leadership, Mr. Chairman and Senator Murray.

On affordability, the University of Pennsylvania has released a study recently that reflected on the average net price against the average income of people in this country, and if you are in the bottom quartile of income earners, the average net price of college—that's after you account for student loans and grants—is 84 percent of your income. That is clearly not affordable.

If you are lucky enough to be in the top quartile of income earners in this country, it's 15 percent of your average income. That's probably affordable. It should come as no surprise, if that's what people are facing, that 77 percent of folks in the top quartile finish college, whereas 9 percent of people in the bottom quartile finish a 4-year college. That's what we're facing.

Today, we're not only kind of short of getting it right, we're in the completely wrong direction. Today, if you're in the top quartile of income earners, your chance of getting a Bachelor's degree are eight times higher than if you're in the bottom quartile. In 1970, that number was five times higher.

I believe that a lot of this has to do with how we think about paying for college and the way these Federal programs are structured. There is, as Senator Warren said, literally no incentive for

institutions to keep costs low, although it's pleasing to hear about the innovation that's happening here.

I guess I'd start with you, Dr. LeBlanc. You mentioned but weren't able to go into the idea of risk-based or performance-based payment, and thank you for your work with me and Senator Rubio on our competency-based education bill. I wonder if you could talk a little bit more about what that looks like and does that brave new world yet exist, and then with whatever time is left I'd love to hear your great ideas for how we change that equation, because that is the central problem.

I'd say that, and the assessment issues all of you have talked about as we move into this new world, how do we promote quality, and how do we also think about a continuum from that 4-year Bachelor's degree or whatever is post-4-year Bachelor's to the coding bootcamps that Mr. Horn is talking about? All that stuff should count, in my view. I don't actually know why we treat—I'm not here long enough to know. I'm sure there's a great reason. I don't know why we treat job training as different than higher education, for example, if we're talking about competency-based things.

Sorry to go on so long. Dr. LeBlanc, let me start with you.

Mr. LEBLANC. I think a lot of the interesting conversations right now about shared risk and performance-based funding are a way of getting at some of the institutional skin in the game and quality protections that we want for students, and to disincent some of the bad players, if you will.

I've seen proposals that talk about institutions that have a more established track record who are able to provide more evidence, more documentation on outcomes, being able to get greater access to greater levels of aid and approval, and I think those models are promising because I was struck by something you said, Senator Murray, in the very beginning comments, which is that as we look at innovation, of course, we want to get it right. We want to get it right from the beginning. True innovation often learns best from some of its stumbles and its mistakes. You want quick turn-arounds, and you want good evidence. You need to know, and you can't hide behind the bush of those mistakes or behind the bush of innovation.

I think the kind of shared risk that you're talking about is a way to build an infrastructure that doesn't prescribe how a program has to look, but it says we're going to reflect and understand the ways in which you are making progress or not, the ways by which you have a track record or not, and I think those are very powerful ways of thinking about that.

Senator BENNET. Dr. Gellman-Danley.

Ms. GELLMAN-DANLEY. Yes, if I might. I would be remiss if I didn't mention there's a very important sector of higher education that's doing exactly that to which you all address, and that is the community colleges. Keep in mind that those institutions are low cost. They're working hard every day to fill both the general education and liberal arts mission, transfer as well as immediate job entry.

I think as we talk about these experiences, I've been in community colleges for a number of years myself, and it's very exciting

what happens to those students. They can go on and transfer to a university in Pennsylvania.

Senator BENNET. To me, I hear that, and I strongly support our community colleges, I really do. Our completion rates are terrible. The amount of money that community colleges are having to spend on remediation because of our failures in K–12 is disgraceful. The system isn't aligned in a way that is generating the kind of outcomes that we need for students, especially students living in poverty in this country. That lack of alignment I think has a lot to do with the Federal Government's complete lack of focus on outcomes.

Instead of treating all of this as a continuum and having a set of incentives aligned to that, we're treating these separate institutions and levels of government as silos, and I think we're not getting the job done as a result.

I apologize, Mr. Chairman. I went over my time.

The CHAIRMAN. Thank you, Senator Bennet.

Senator Baldwin.

STATEMENT OF SENATOR BALDWIN

Senator BALDWIN. Thank you, Mr. Chairman, Ranking Member, for this hearing.

I also want to echo Senator Bennet's words of congratulations on our passage of the reauthorization of ESEA last week. It does give me a lot of hope and encouragement moving forward to the Higher Education Act reauthorization.

I also want to thank our panelists here for your testimony.

I think the central question for this hearing and also in the reauthorization should be how we can best, strategically and effectively, support students, especially our low-income, first-generation, and minority students in having access to high-quality, lower cost higher education.

I believe in exploring innovation in higher education, but coupled with guardrails to protect our most vulnerable students. I think innovation is necessary to ensure that the Federal Government supports the learning and workforce demands of our 21st century.

I look forward to lessons shared from the panel and learning more about innovations throughout the country, some that we've heard a bit about this morning and some that we have yet to hear about.

Dr. LeBlanc, in your testimony you speak to your college education being the key to the American Dream in the sense that it was affordable, high quality, and meaningful. In Wisconsin, my State, the University of Wisconsin offers an innovative model for learning called the UW Flexible Option, or UW Flex for short. This is an accredited competency-based education model that allows students to work at their own pace toward their chosen degree or certificate.

As we work to support quality innovative programs, many have called for an expansion of the demonstration sites to allow space for trial and error, and ultimately learn what works best for students. I'd like to hear specifically about quality metrics and outcomes-based reporting that you'd like to see in these sites and other projects to guide us. What should we be looking at?

Mr. LEBLANC. When we look at programs like Wisconsin's—I know my colleagues there very well and admire the work—I think the quality hinges on two questions, and it moves us away from the traditional sense of inputs mattering most—as I would argue, have argued—that a lot of higher education is a faith-based initiative, that if you have enough Ph.D.'s on the faculty and books in the library and students with high SAT scores, we have faith that what would come out on the other end would be OK, and I think that's the faith that has eroded in many ways.

Really, what we now want to see I think is a shift toward looking at clarity about the claims we make for the student learners. How do you know? Do they have labor market traction? Are they things that matter? What are they based on? The second question is, how do you know students have mastered those things? How do you know what's the nature of your assessment? What sorts of questions are you asking about the learning? This is a place where I think we have a lot of work to do and a lot of rigor.

When you shift to that sort of “I can stand behind my claims,” you can worry a whole lot less about the inputs. You can then get much more innovative about how you get students across that finish line because you have genuine markers of quality. It is not an act of faith to be able to look and say I see it in the data, I see the kinds of jobs students get, I see job placement rates, I see the way they can perform. As one of the other Senators said, experts have attested to the ability to do the things the institution has said they can do.

That's the real great promise, I think, of these new models, is that they really shift us to genuine claims for learning and what students can do, how we know.

Senator BALDWIN. Let me try to fit in another quick question on this same topic, because I'm also concerned with those guardrails. I want to innovate, but I'm also concerned with that.

This is innovation. This is new. Do we currently have enough information from our experimental sites and other non-Federal endeavors to ensure that innovative models like competency-based education can be broadly expanded and will meet the unique needs of especially the more vulnerable students that I was talking about earlier—low-income, minority, first-generation college students, et cetera?

Mr. Horn.

Mr. HORN. No, I don't think we do. What we would want to see is a set of experimental sites that were experimenting on different ways to judge these outcomes and create those guardrails that let a few in but not open it up, like we did with the online debacle on the other side of it. I would be looking at various risk-sharing agreements. We've proposed a quality value index that would allow you to get more of your financing from Federal title IV dollars the better you did against certain student outcomes, accreditor-led ways of doing this, transparency ways of doing this.

Really set up four or five controlled experiments that experiment with different incentives to see do they work or do they create unintended consequences.

The CHAIRMAN. Thank you, Senator Baldwin.
Senator Whitehouse.

STATEMENT OF SENATOR WHITEHOUSE

Senator WHITEHOUSE. Thank you, Mr. Chairman.

Let me ask members of the panel, for starters, a question for the record. We have, I think, considerable momentum in this committee and wind at our backs after the very successful leadership of Chairman Alexander and Ranking Member Murray on the Secretary of Education bill, and one of the things that we discovered in that process is that there's actually quite a lot of bipartisan support on various issues.

I think that one of them is over-regulation in the education space. The Chairman and a number of his colleagues are fond of bringing in, as demonstrative exhibits, great heaps of regulations to demonstrate the burden, and I think from our side there's a very considerable sense that out of all that vast effusion of information there's no clear picture for a student or their family. I think there's considerable overlap in looking at reducing, simplifying, and consolidating some of these regulations so that they present, when the work is all done, a clearer and more coherent picture to the actual user, the prospective student and their family members.

My question for the record would be that you take a moment, if you're willing to do it, and just put in writing where you think our opportunities are in that space so that we can build on that. We don't have time in my 3½ minutes to go through all that, but I think it would be a helpful tool for us as we look at the Higher Education Act.

I would ask you to consider specifically some of the protections around student aid and whether they're actually serving their purpose in a more sort of modern and dynamic student environment. We've had a whole separate hearing on accreditation and where that goes. It was not a very successful hearing from the point of view of the accreditors, I don't think. To the extent that accreditation has been used to keep out competitors and protect incumbents and thereby suppress innovation, it's obviously exactly going backward from where this hearing is directed.

I'd be interested in your thoughts in those areas.

My specific question is to Dr. LeBlanc because Southern New Hampshire University is working with one of our more wonderful Rhode Island products, Dennis Littky, who Rhode Islanders know as the founder of the Met School, which is a very, very successful alternative high school model. So he's steeped in innovation. In fact, he walks in the door and he looks like innovation.

[Laughter.]

I'm interested in your assessment of how things are going with the College Unbound program and what lessons specifically we can learn from that. As a Senator representing Rhode Island, that would have particular impact for me. You've got 2 minutes.

Mr. LEBLANC. I'm a big admirer of Dennis' work and I think there's a willingness in Dennis' case to serve highly marginalized students, students that other people don't want. What's interesting about that and what I think Michael could speak to on this is that all the research on innovation shows that it takes place and flourishes most often with marginalized markets, or in this case groups of students who are not otherwise being served by their system.

Necessity breeds innovation and invention. I think Dennis is a master at it, the kind of creativity he brings to that work.

I think Dennis would tell you that he has struggled mightily to get approval for his programs. A little bit of that is Dennis, as we know, because he's creative and sort of all over the place. It also speaks to the difficulty in getting very conserved input-based notions about what models should look like approved for the kind of work he wants to do. In some ways it's a very good illustration of the issue that the Chairman has put on the table for us today.

Senator WHITEHOUSE. What's happening now at your university, at Southern New Hampshire University, with the College Unbound program? Give me a 1-minute update.

Mr. LEBLANC. I think what we've been able to do, and this is what happens, the original model that we thought we had right proved to be challenging for us in a variety of ways, but yet the things that worked really well in that have now come to permeate across our institution, sort of lifting the game of the traditional program in a really important way. That's one of the best things about this. When you innovate in safe spaces, what you often get is not only a new and exciting model, but you also get the lift to the incumbent model. Does that make sense?

What we've done with College Unbound is we've actually taken the principles of workplace, hands-on experiential learning and we're now spreading that across our curriculum, so we don't need to call it out separately. It's actually having this dramatic impact.

Senator WHITEHOUSE. In terms of the approvals that you need, is it relatively straightforward to build into the program the flexibility to make those dynamic changes that innovation requires, or do you have to keep constantly going back and getting re-approvals?

Mr. LEBLANC. I think that's a program-by-program scale and substance question. There's no easy—it's easy or it's not easy. It really depends on the nature of the program. For something as ambitious and so different as CBE, we go back to our accreditor with substantial changes. With something like Dennis' program, I think there's a lot more room for that tweaking as you go and continuous improvement.

Senator, if I could respond to Senator Warren's comments, if you will allow me a moment before we go on?

The CHAIRMAN. Sure.

Mr. LEBLANC. We can do this after.

The CHAIRMAN. Fair enough.

Mr. LEBLANC. Thank you.

The CHAIRMAN. No, you can go ahead. If your name is mentioned—

Mr. LEBLANC. I'll keep this brief, but it may speak to the inability of a kid from a State college to educate a Harvard professor. We had this conversation the last time, and the Senator continues to, I think, not understand the complexity of universities and the nature of cross-subsidies, which are both common and pervasive.

I would point out that the university's overall surplus is under 10 percent, and that's sort of a normal target for many universities, and we use our surplus to do things like create College for America. That program costs \$2,500 a year, and it's aimed at the lowest

10 percent of wage earners and very large organizations, people who often don't make a family sustaining wage. It's also the program that has allowed us to not increase—that success has allowed us to not increase tuition for online students for the last 4 years, and it's already a more affordable program.

A student in an online program can earn an undergraduate degree for \$40,000 for the whole of that. I think that would be an admirable target for most institutions.

We did not build an Olympic-sized swimming pool. The Senator surely knows that those reports are sometimes inaccurate, and I think it's an unfair criticism to level. Ninety percent of our students receive some level of aid. We serve a lot of first-generation students. I think we serve a lot of the students that the Senator cares about with the same sense of passion and zeal, though with a lot more accuracy about the facts and the data.

Thank you.

The CHAIRMAN. Thank you, sir.

Senator Franken.

STATEMENT OF SENATOR FRANKEN

Senator FRANKEN. Thank you, Mr. Chairman. I would reiterate what Senator Whitehouse said about your leadership and Senator Murray's leadership and the success of getting the bill we got passed last week. Congratulations on that, on the ESEA reauthorization.

I apologize for not being here. I read the testimony last night. I was in a Judiciary hearing. A Minnesota judge was there.

This competency-based education really fascinates me, and I wish I had been here for this whole thing. I don't want to ask questions that have already been asked and answered.

I wonder, in reading this testimony, I wonder what issues arise from competency-based education, because one is testing. I think, Mr. Merisotis, you may have spoken to this in the hearing here, but I want to know how do you prevent, if someone is taking a test online, how do you prevent them from cheating and having someone else take the test? That seems like just an obvious, off the top of your head question, but I'm wondering what other kinds of questions arise from competency-based education.

Mr. MERISOTIS. There are sophisticated technology tools that are now used to be able to assess with retina recognition, with fingerprint recognition. They actually have, believe it or not, programs that can assess whether or not the person typing is the same person typing a few minutes later. There's actually technology tools that are very sophisticated that allow us to do that.

I think the big issue, Senator, in terms of competency-based learning is that we don't have all of the answers. What we know is that it shows a lot of promise to put students at the center and to put their learning objectives, their outcomes at the center of the equation, as opposed to what the institutions say, which is that a credit-hour is defined in this certain way based on this certain approach.

Putting students at the center I think is really the critical element of it, and in a competency-based approach you can take learning into account, you can take employment outcomes into account,

you can take things like student satisfaction into account in defining what you should expect of the institution, what you should expect of the provider of post-secondary learning. It's very different than what we do now.

Senator FRANKEN. OK. I just wonder what some of the—if you can have somebody typing and someone telling them what the answers are. I just worry about this. I'm just wondering how much work is being done just on that. As you said, you have retina and biometrics.

Mr. MERISOTIS. Yes.

Senator FRANKEN. I also worry about what you called the digital debacle or the online debacle, repeating that. We don't want to do that, right?

Mr. HORN. Yes, we certainly do not.

Senator FRANKEN. So many debacles.

Mr. HORN. There are many lessons to be learned from that.

Senator FRANKEN. That actually is the theme of our committee. [Laughter.]

Mr. HORN. There's a lot of lessons to learn from that debacle. Incentives do matter, and you could have predicted those behaviors ahead of time with those universities when you incentivized just the enrollments, now what you actually did once those students were enrolled. Playing with a variety of experiments in a controlled way to actually figure out what works. We haven't run these in States or the Federal Government level to know if you're using government dollars, how does this impact this.

The other thing quickly to say is we also always talk about the cost to the student, but we ignore the total expenditure of the institution itself, which includes all of the revenue sources. The challenge with ignoring that is it creates some of the worries that Senator Warren was talking about in terms of cross-subsidizing behavior; or, if dollars retreat later on, passing on costs to students. A big part of that is about the total expenditure, not just the cost.

Mr. LEBLANC. Could I just address your primary concern? Because this is one that goes all the way back to the 1990s, and I think it's exceedingly well addressed in the new models. Right now—

Senator FRANKEN. Can I go a little longer, Mr. Chairman? Thanks.

Mr. LEBLANC. I would encourage you not to worry about this one. The reality is that if you think about the traditional delivery of a course, a student walks into the classroom and hands in a paper, how do you know that they wrote that paper? Most faculty would know by saying this is not commensurate with the level of work, the kind of engagement of this student, et cetera.

We have more robust ways of engaging students in an online environment, including predictive data analytics, including very strong adviser models, including triangulating what we're seeing in the discussion boards with the kind of paper we're writing.

All the technology solutions aside, really well-developed, robust programs don't have the same problem. This has really been well addressed for the last 20 years.

Senator FRANKEN. OK.

Mr. LEBLANC. Poor programs do have that problem. Well-designed programs don't.

Senator FRANKEN. What programs?

Mr. LEBLANC. Poor programs may suffer from that, but well-designed programs have addressed this quite well.

Senator FRANKEN. Oh, poor.

Mr. LEBLANC. Poor, yes.

Senator FRANKEN. Of course.

Mr. Merisotis, you wrote in your testimony, or it may be in a summary of your testimony, "to maximize student success, college costs don't just need to be reduced, they need to be demystified," and I couldn't agree more. Senator Grassley and I wrote a bill that would improve the use of net price calculators so that any time you went on a college website you'd be able to see that right away. I think there are a lot of kids who take themselves out of contention for schools because they think it's above their ability to get to in terms of cost, and if they went to the net price calculator it would demystify, if you would, that.

Senator Grassley and I also have a bill that when you get your award letter, it just says that all the colleges have to use the same terminology, a uniform award letter, because you get award letters from different institutions that refer to a Stafford subsidized loan. As a Stafford subsidized loan, for example, one school, and another will call it an F5601. If schools would just use uniform—because most people don't think of a loan as an award. They think of it as a loan. They get it in their award letter.

Does anybody have any strong feelings about either of those?

Mr. MERISOTIS. Your point is exactly right, which is that there's a cacophony of information that confuses consumers. Tuitions have been increasing at nearly twice the rate of inflation for close to three decades. The train wreck of college affordability is something that's been coming down the track for a very long period of time.

The problem is that people don't understand sticker price, net price, cost versus price. All of these things are very complicated. I do think that we need to come to some common understanding about what affordability really looks like. We need to have some sort of benchmark, some sort of understanding of what, from your income and your savings, you should reasonably be able to contribute to support your education.

We do not have that kind of a standard in Federal policy and State policy or in the way that we talk about higher education nationally in this country. We're working on some of this right now at Lumina Foundation and hope to advance some of these ideas to you in the coming months. I think it is a very important, necessary precondition to talking about which Federal strategies, which policies are the most important way to deal with what is obviously a crisis in affordability for students in this country.

Senator FRANKEN. I am abusing my time. Mr. Horn, you said in your testimony that a look at higher education is something you should be able to return to over and over again through a journey of lifelong learning, and I agree with that, and I think we have to think of models, Mr. Chairman, as we go forward in this, because technology is accelerating so fast, of how people can get jobs and

then throughout their life continue to get a higher education. I apologize for going so long.

The CHAIRMAN. No, no. I'm glad you asked the questions.

I want to thank the witnesses. This has been very interesting, very helpful. Several Senators as they left said that.

In just a moment I want to ask each of you to take 1 minute and say anything you didn't get to say while we were all here. I want to ask you to take Senator Whitehouse's question seriously. We really have two efforts going on to try to simplify and make more effective the Federal regulation of higher education.

First, is the Kirwan Zeppos Commission, which has already made its report, 59 recommendations; and Senators Mikulski, Bennet, and Burr and I have asked for that 2 years ago.

And second, is a group I met with this morning that came out with a 2008 higher education bill that's spending a year looking at Federal regulation of research outside of the Department of Education. It's chaired by the former chancellor of the University of Texas at Austin. I know that President Obama has been interested in this really since he arrived.

Over the next year, let's say the next 6 months, we have an unusual opportunity to do something that's rarely done in Washington, which is to actually deregulate, simplify, make more effective these regulations that have just piled up over the last eight reauthorizations of the Higher Education Act, and take into account all this innovation that's coming at us.

Dr. Gellman-Danley, for example, we'd ask you—you mentioned the obstacles in the law that might permit you from doing a better job of having the flexibility we've been talking about. What we need from each of you, if you will please do it, is your 5 or 10, or more if you want, but 5 or 10 very specific recommendations. If you were members of this committee, what would you put in our legislation that would simplify, deregulate, save money, make more effective the government's involvement with higher education?

I'd like to give you each a minute or so just to sum up or say anything that you'd like to say. Dr. Gellman-Danley, I'd like to ask you—and if you need another minute to do that, that's fine—I believe your website says that the Higher Learning Commission has removed its application for any new competency-based program using direct assessment and is waiting for further Department of Education guidance.

If you're for more innovation, and direct assessment is one way to do that, why are you not doing that? That would be my question, and why don't you answer that, and then say anything else you'd like to say, and then we'll go right down the line and conclude the hearing.

Ms. GELLMAN-DANLEY. I'm actually delighted you asked that. It will be a great moment of catharsis. In fact, the bus had left the station, we were ready to go, and we had some interference from the Department of Education based on their visit from the Office of the Inspector General, and then again from the Office of the Inspector General. We did not have the terms and guidelines that we needed. We were ready to go. We spoke repeatedly with the Department of Education, and they're good people, and they're very committed, and the relationship is improving.

In effect, along the way some definitions were changed. Our institutions asked us—and we wanted to do this for them—that they did not have to submit and then re-submit based on not getting the information we needed.

The good news is we'll check our website because we can look back. That's been resolved. We've gotten the definitions. We were collaboratively—I've known Paul for a long time. Paul actually did something that's unusual from the Department of Education.

The CHAIRMAN. Paul.

Ms. GELLMAN-DANLEY. Paul LeBlanc.

The CHAIRMAN. Paul LeBlanc.

Ms. GELLMAN-DANLEY. Whatever. Paul, right?

The CHAIRMAN. Ask him, which LeBlanc?

Ms. GELLMAN-DANLEY. The guy you see on the commercials all the time, right? Coming in from Southern New Hampshire.

The CHAIRMAN. Not Fred Thompson.

Ms. GELLMAN-DANLEY. There you go.

The bottom line is that we talked together collaboratively, two parts of the triad working to resolve this. We can move forward now, but the reason we hesitated—

The CHAIRMAN. It was a difference of opinion between the Inspector General and the Department about definitions.

Ms. GELLMAN-DANLEY. Actually, frankly, the way it went is exactly that, and then followed up by holding us accountable to definitions we did not already have. We're used to that. We're a large accreditor, obviously, and we sat back and we looked at—you mentioned excellent programs like Wisconsin, mentioned repeatedly. We didn't want to ask the University of Wisconsin to fill out one application, then have to fill out another one, and a third, until that was resolved.

The CHAIRMAN. The reason this is important, we don't want to create in our legislation safe harbors or whatever you might want to call them, new methods of experimentation, and have them not work because the Department of Education or its Inspector General, or both, come up with regulations that are inconsistent or confusing or don't follow our intentions.

A part of that would be good suggestions from you about how we could write our language so that it made it most likely that accreditors would be able to do these things and exercise that flexibility, and the Department itself would be able to expand its programs that are demonstration programs or experimental programs.

Why don't we start with you, Mr. Merisotis, and go right down the line. Anything else you'd like for us to—

Mr. MERISOTIS. Thanks, Senator. I'm delighted to have the opportunity to send you more specific suggestions following the hearing.

Two important things that I think are worth emphasizing. The first is use Federal policy to really incentivize the kind of competition that's going to democratize learning in this country. If we put students at the center, we've got an opportunity here to actually create a different model where we can have new providers who are being held to very high quality standards so that we can actually democratize the learning process, creating competition so that we serve more students and we serve them better. In a risk-based reg-

ulatory model, we should reward or incentivize those institutions that serve the students best in terms of their learning outcomes, their employment outcomes, their satisfaction, et cetera.

The second thing I think we need to do in this model is make sure that in the student-centric approach, we put our thumb on the scale of equity. Federal policy has to emphasize the fact that low-income, adult, first-generation minority populations are the fastest growing and need to be the ones that are rewarded most through this system. In this model, we have to make sure that these regulatory structures actually create more incentives for those students and help them succeed. Their success will result in our collective well-being as a country.

Thank you.

The CHAIRMAN. Thank you.

Ms. GELLMAN-DANLEY. Briefly, I'd like to say as educators, CRAC is pleased to report we've already done our homework. We've spent the last 3 months, as you requested, looking at legislation and the wording, and we'll be giving that to your office and the committee soon.

The CHAIRMAN. Terrific.

Ms. GELLMAN-DANLEY. I'd like to point out that we might want to consider the good models of some States that have done performance-based funding and looked at higher education a little differently, and we all have to be very concerned about the State disinvestment in higher education.

I would like to thank you for being here today on behalf of the greatest board with which I've ever worked, the Higher Learning Commission. As the folks back home say, "the best damn staff." They're committed, they're passionate, they're very interested in doing good work for you.

As somebody, frankly, who comes from a total innovation background—distance learning, community colleges, et cetera—I stand ready to help you. I say let's get together, let's take a chance and do right.

The CHAIRMAN. Dr. LeBlanc.

Mr. LEBLANC. I come to my closing comment with the happy opportunity to have multiple vantage points, having worked for a regulator, the Department of Ed, for the recent 3 months, heading up an institution that's passionately committed to students from colleges not a guarantee, and then also from discussions with many people on the Hill who are working on policy.

The thing that I'm heartened by is that it feels like the success you all enjoyed last week in K-12 is within reach. They even sent to the comments an astute balancing of wanting to drive more innovation, remove some of those regulatory burdens, but also protect students and assure quality. That triangle of quality constant completion has been elusive. Most institutions can deliver two, but they really struggle to deliver all three.

I think the profound opportunity you have before you today is to shift our conversation, shift the focus of higher education back to actual student learning and away from a lot of the noise, a lot of the noise that has been a mask for poor quality and a lot of the noise in the system that has driven up cost, but to actually get to the question of what students actually know. That's a profound

change, and I wish that our timing was a little bit better because reauthorization is happening now, and our field is not as far along as we'd like it to be.

I think finding that balance of the kinds of things we talked about today is critical, but it's really heartening. This is an amazing opportunity, as Jamie suggested earlier.

The CHAIRMAN. Reauthorization may be happening now, but reauthorization could include structures that permit it to adjust and adapt as things go on. You really don't want the U.S. Congress writing very strict rules about this kind of thing. A, things change. And B, we don't know that much.

Mr. Horn.

Mr. HORN. Thank you again for the opportunity, and it's heartening to see so many of the committee members so excited about the opportunity for innovation to improve student learning, as Paul LeBlanc was talking about, but also to address the cost and affordability questions that were before the committee.

I just want to focus on a couple of things. One of the reasons we've seen the inflation above inflation rates that Jamie was talking about is because in sectors where there is no disruptive innovation, you just see continued cost increases, and actually competition does not lead to lower costs.

The other second point of that is, a lot of policy in the past has created an effective price floor beneath which is very unattractive to price because students aren't compelled to make those cost/quality tradeoffs in their own decisionmaking in a way that's transparent around the actual outcomes.

The last thing I would say is be very careful about what outcomes are chosen that we're trying to incentivize toward. We see a lot of experimentation right now in the States, which is interesting and from which we should learn in a more considered way, but a lot of it, for example, is one simple graduation rate, completion. That in itself is actually a fairly easy problem to solve. We can just give out diplomas. The really interesting question is, is it a weighty credential that actually helps that student succeed in life, both career as well as their civic life? That's a much more difficult question to address in a thoughtful way.

I think that's why there's a lot of thought between using the experimental sites to learn a lot in the next several years. Thank you.

The CHAIRMAN. Thank you, Mr. Horn.

As I listened to you and the others, it reminded me of the analogy to the American automobile industry and David Halberstam's book in 1987 called *The Reckoning*, because basically the Big Three and the United Auto Workers were sitting pretty and making big, expensive cars, and making a big profit, and the Japanese were selling one funny looking little car a week from Los Angeles called the Datsun, and the Germans were selling Beetles, and people were laughing at them, and it brought our American automobile industry to its knees. Even though our colleges are the most conservative institutions we know in the world, they could be brought to their knees if they don't respond well to innovation. I hope that we can create an environment in which they can.

Thank you very much for your time. I'd like to invite you to say more if you want to in written testimony. The hearing record will

remain open for 10 days for additional comments and any questions for the record Senators may have.

We'll hold the next hearing on reauthorizing the Higher Education Act on Wednesday, July 29, when we'll discuss sexual assault on college campuses.

Thank you for being here.

The committee will stand adjourned.

[Additional Material follows.]

ADDITIONAL MATERIAL

RESPONSE BY JAMIE P. MERISOTIS TO QUESTIONS OF SENATOR CASEY
AND SENATOR WHITEHOUSE

SENATOR CASEY

Question 1. Close to 100 million people are learning foreign languages from the Pittsburgh-based startup DuoLingo. The data gathered from the company suggests that they are learning at a much faster rate than traditional coursework. DuoLingo's effectiveness comes from its ability to capture and apply data in real time to constantly improve the learner's experience. These capabilities build upon decades of federally funded research in the science of learning at Carnegie Mellon.

As we look ahead toward a future for higher education that could integrate technology-enhanced learning into traditional education settings to improve outcomes, improve access, and potentially reduce costs, what kind of infrastructure will we need to securely enable the power of data-driven education to serve the needs of our students?

Answer 1. In order for today's students to succeed, Federal policies need to support a much wider range of pathways to a credential. This would include: an assurance that all postsecondary learning is recognized, regardless of where it was obtained; a system that is reoriented around outcomes, not arbitrary measures of time; creating pathways to "stackable" credentials; and putting in place regulations and incentives for stakeholders in the system to continually improve and shoulder some of the risk that currently falls to students and the Federal Government. In terms of specific actions in pursuit of this objective, we would recommend that the government:

- Allow for broad, long-lasting demonstration projects that allow for innovation at scale;
- Encourage providers to use a transparent credentialing method that identifies and rewards student learning, not seat time;
- Consider allowing title IV aid to be used for prior learning assessments and direct assessments, with appropriate constraints on cost (i.e., cost of assessment or review materials); and
- Recognize new validators, to better support new pathways.

Question 2. In Pittsburgh, Carnegie Mellon University's Online Learning Institute has been doing tremendous work on these issues for over a decade. Part of their success has stemmed from the ability to analyze data from their online courses. Obviously, privacy and the protection of our students' information is paramount, so how do we balance those concerns while still allowing for important research to continue as we move these kinds of projects to scale? Are our current laws up to the task or will we have to make changes?

Answer 2. The immediate change that would need to be made to current law is to repeal the ban on the student unit record. The obvious and growing need for more accurate and comprehensive data on the behavior of today's student can most effectively be addressed through the thoughtful and deliberate development of a student unit record system. Allowing student-level data to be sent directly to the Department of Education, in contrast to the current system of aggregated institutional data, will facilitate the assessment of student success as they move to, between and through providers of postsecondary learning and on into the workforce.

Question 3. As our economy shifts, we know there are millions of workers who are unfortunately left behind and could use retraining or new credentials in order to effectively re-enter the labor market. How effective could some of these platforms be for retraining laid-off or displaced workers? What are the barriers that are in place and how do we ensure the quality?

Answer 3. Currently the meaning of degrees, certificates and other credentials is rarely validated outside academia; this makes it difficult for any stakeholder to understand and compare varying credential programs. This lack of understanding is a barrier for learners and employers alike; a barrier that is particularly acute for laid-off workers that need to retrain and re-enter the workforce as quickly as possible. Encouraging providers to use a transparent method that identifies and rewards student learning, not seat time, as the core basis for assessing student outcomes should increase the ability of stakeholders to compare varying credential programs. The sped up time to degree resulting from measuring learning and not seat time makes these models a particularly effective platform for retraining displaced workers.

In pursuit of this goal, Lumina is working with the Corporation for a Skilled Workforce and the Center for Law and Social Policy to create a credentials framework that seeks to enhance the utility of credentials and reduce costs borne by individuals and employers. Simply put, we want to connect the dots among diverse credentials by using common language to describe what recipients of each credential should know and be able to do. Additionally, this fall we will be launching a national dialog about how to transform our credential system. More information about both the framework and the dialog can be found at <http://connectingcredentials.org/>.

Likewise, when enabling new types of providers and pathways, we should foster the creation of new validators, able to serve as assessors of educational quality for a variety of different programs. In doing so, we can ensure that validators best suited to assess a program are matched with that program. In turn, these new validators can and should be held accountable for measuring student outcomes, being transparent and encouraging providers to innovate toward higher quality, lower cost programs.

SENATOR WHITEHOUSE

Question 1. Talking with higher education stakeholders in Rhode Island, I have seen broad agreement that regulation in higher education could be reduced, simplified, or consolidated. What are some specific ways in which we can address over-regulation in higher education?

Answer 1. All Federal regulatory activities should tie directly to the Federal Government's interest as an investor in the higher education system on behalf of students and taxpayers. The goal should be for improved experiences and outcomes for students to be placed at the center of the system, meaning that policymakers must take care to start with clarity around the "what" of the regulatory regime and tailor the "how" and "who" of the regime to the most efficient and effective way of achieving this end. This means making a concerted effort to eliminate overlapping roles, responsibilities and regulations unrelated to quality outcomes. To determine quality outcomes though, it is necessary to **establish clear and purposeful accountability and quality metrics, with a focus on student outcomes**. Only with a more transparent, accessible and understandable set of metrics can train the focus squarely on student outcomes.

An additional approach is to consider a system of risk-informed regulations, which would allow additional flexibility to those providers who have demonstrated less risk, allowing them the freedom to design and implement educational approaches most suited for the needs of their students.

Question 2. I'm concerned that accreditors can serve to protect incumbent institutions and practices, and stifle innovation. How can we ensure that we have an accreditation system that maintains quality and protects Federal student aid, while fostering innovation to address the evolving needs of students?

Answer 2. The role of accreditation should be to evaluate providers based on their success in achieving student attainment goals, rather than on some of the often extraneous evaluation metrics, or on topics that are more appropriately evaluated by the other two members of the "triad" that have responsibility for oversight of higher education: the Federal Government and the States. This accreditation evaluation should be particularly focused on accounting for differences in the student populations served at various institutions and measuring the academic progress of underserved students. Research indicates that strengthening the role of accreditation helps improve the quality of higher education institutions, promotes competition, and spurs innovation by ensuring that institutions of all types are held accountable for producing results for their ultimate stakeholders: students and taxpayers. Our studies suggest that accreditation could be strengthened with a greater focus on quality and student outcomes.

As we previously shared in a set of recommendations submitted to this hearing record, there are two specific things that you might consider in striving to achieve this goal:

- **Amend current law to orient the Federal recognition process for accreditors around risk-informed reviews of each accrediting agency.** These reviews should prioritize an examination of the accreditor's oversight of student learning and outcomes at its member institutions and the Federal Government should differentiate the extent of recognition reviews based on this information. This recognition process should continue to be overseen by an independent advisory committee that is fully representative of the array of postsecondary stakeholders; NACIQI (the National Advisory Committee on Institutional Quality and Integrity)

currently does an able job fulfilling this purpose. Streamlining the recognition process for accreditors with strong records could free up resources within accrediting agencies, which could allow accreditors to devote more resources to helping institutions improve outcomes for students on a continuous improvement model. Acknowledging that while the creation of a risk-informed system is permissible now, it would still be necessary to pursue a change in law to allow for the appropriate and necessary inputs.

- **Provide greater regulatory flexibility so that high-performing education providers earn expedited accreditation reviews.** The current regulatory system for accreditation is both overly burdensome and far too complicated; as a result, the current system reduces the true value and effectiveness of accreditation's role in the "triad." Ensuring flexibility for high-performing providers is a valuable means of allowing and supporting innovation in postsecondary education aimed at improving outcomes for students. This flexibility then allows for innovation within the higher education field that specifically leads to a greater focus on student outcomes and lower future costs.

Maintaining quality remains of the utmost importance, however, and a crucial tool to ensure quality would be to allow accreditors to employ a risk-informed approach to assessing institutional quality. Accreditation should be re-oriented around a risk-informed process, with institutions subject to different levels of scrutiny based on their student learning and outcomes data. Institutions that demonstrate strong records of student results could receive expedited reviews, while those where data on student outcomes indicate room for improvement would warrant a more robust review. Such an approach could allow accreditors to focus more on student outcome data, as well as allocate time and resources to working with those institutions that need the most attention. In addition, holding all postsecondary programs directly accountable for value and affordability measures is likely to slow down or halt enrollment in programs that provide little value to the students that invest time and resources in them.

A process so described would reduce the barriers to entry for new institutions and providers that demonstrate successful student outcomes and ultimately provide students with more effective options for quality postsecondary education. More robust accreditation reviews would be triggered where data on student learning and outcomes indicate need for improvement or more significant concerns, with the accreditation process expecting and facilitating a data-driven continuous improvement process at each provider that warrants or wants it.

RESPONSE BY BARBARA GELLMAN-DANLEY TO QUESTIONS OF SENATOR CASEY
AND SENATOR WHITEHOUSE

SENATOR CASEY

Question 1. As our economy shifts, we know there are millions of workers who are unfortunately left behind and could use retraining or new credentials in order to effectively re-enter the labor market. How effective could some of these platforms be for retraining laid-off or displaced workers? What are the barriers that are in place and how do we ensure the quality?

Answer 1. Gellman-Danley: It is very insightful to focus on the millions of workers who are left behind and need retraining or new credentials. Our colleges and universities offer a variety of courses and certificate programs that are targeted for these adults. Community colleges are particularly nimble in serving this important group of students. A large percentage of universities across the country serve this audience. These programs are already in place, and the more responsive institutions act quickly to meet the needs of displaced workers, which are often managed from the continuing education departments. It is very common that a local college or university will work directly with a business to help employees when there is a reduction in force during difficult economic times. Programs (courses, certificates) can be offered for credit or non-credit. Quality is ensured through the overall institutional review—versus by program.

A limiting barrier is the credit-hour requirement written in law. Such regulations do not take into account the advantages of direct assessment (often competency-based education which may not be aligned to a clock-hour mandate). For institutions located in States with performance-based funding, there may be instances where these learners are considered "non completers" if they simply need a few courses and do not enroll in a full degree (or certificate) program.

The quality is assured through each institution, as accreditors do not review individual programs, but rather the entire institution. In most cases, these are responsive and of strong quality. Some universities build these kinds of programs to be

“stackable” and the courses may lead toward a degree if so desired and courses are credit bearing. Further, some national higher education associations work to encourage institutional members to serve those in need of retraining programs and may work to create the opportunities. Accreditation standards apply to the overall institution, thereby providing a quality framework for all initiatives.

Some interesting articles that may inform this discussion: http://www.hamiltonproject.org/files/downloads_and_links/10_displaced_workers_la_londe.pdf; <http://www.dol.gov/odep/pdf/CommunityColleges.pdf>; http://extranet.cccco.edu/Portals/1/TRIS/Research/Research/Abstracts/WorkforceDev/displaced_worker.pdf.

SENATOR WHITEHOUSE

Question 1. Talking with higher education stakeholders in Rhode Island, I have seen broad agreement that regulation in higher education could be reduced, simplified, or consolidated. What are some specific ways in which we can address over-regulation in higher education?

Answer 1. The Council of Regional Accreditors (C–RAC) has submitted a full review of the current legislation and suggested changes to HELP Committee Chairs (Senators Alexander and Murray). *This is the best resource to respond to the above question.*

Question 2. I’m concerned that accreditors can serve to protect incumbent institutions and practices, and stifle innovation. How can we ensure that we have an accreditation system that maintains quality and protects Federal student aid, while fostering innovation to address the evolving needs of students?

Answer 2. Accreditors have strong standards and processes to protect from any institutional biases. Accreditors celebrate innovations that are done with good quality. They actually do not attempt to stifle innovation. However, accreditors are required to follow Federal regulations and the directives of the Department of Education. In so doing, there are very rigid and limiting regulations to which colleges and universities must comply—and the accrediting agencies are required to assure compliance. An excerpt from one regulation follows from the Higher Learning Commission website. Frankly, these regulations are built on centuries-old higher education versus the current environment and are overly prescriptive:

- **Federal Credit Hour Definition:** A credit-hour is an amount of work represented in intended learning outcomes and verified by evidence of student achievement that is an institutionally established equivalency that reasonably approximates not less than:

(1) 1 hour of classroom or direct faculty instruction and a minimum of 2 hours of out-of-class student work each week for approximately 15 weeks for one semester or trimester hour of credit, or 10 to 12 weeks for one quarter hour of credit, or the equivalent amount of work over a different amount of time; or (2) at least an equivalent amount of work as required in paragraph (1) of this definition for other activities as established by an institution, including laboratory work, internships, practica, studio work, and other academic work leading toward the award of credit hours. *34CFR 600.2 (11/1/2010).*

The Higher Learning Commission is working on a strategic plan, which will be released in April 2016. The plan includes extensive input from membership through surveys and listening sessions at our March 2015 annual conference. Overwhelmingly, respondents encouraged us to do everything possible to move away from the perception of serving as regulators—due to the burden of the Federal compliance standards.

Members also encouraged HLC to focus on innovation. As a result, we are forming a blue ribbon Think Tank (likened to Lockheed Martin’s groundbreaking Skunk Works®) to work with us on new disruptive innovations for higher education. It will consist of both educators and business representatives. The intent is to dispel the myth about accreditors stopping innovation, but moreover to bring vibrant new ideas to improve the opportunities for the learners.

RESPONSE BY PAUL J. LEBLANC TO QUESTIONS OF SENATOR CASEY
AND SENATOR WHITEHOUSE

SENATOR CASEY

Question 1. Close to 100 million people are learning foreign languages from the Pittsburgh-based startup DuoLingo. The data gathered from the company suggests that they are learning at a much faster rate than traditional coursework. DuoLingo’s effectiveness comes from its ability to capture and apply data in real

time to constantly improve the learner's experience. These capabilities build upon decades of federally funded research in the science of learning at Carnegie Mellon.

As we look ahead toward a future for higher education that could integrate technology-enhanced learning into traditional education settings to improve outcomes, improve access, and potentially reduce costs, what kind of infrastructure will we need to securely enable the power of data-driven education to serve the needs of our students?

Answer 1. There are three dimensions to keep in mind here:

1. One is simple access to technology (bandwidth and computing). Lots of poor students have outdated or no technology and often limited bandwidth.

2. Title IV regs include things like "regular and substantive interaction" as a requirement—the regulatory frameworks need to be rethought as they are based on old models of delivery (in this case, the idea of student sitting in a classroom with a faculty member);

3. We should demand greater transparency of results if we are to use these new tools: there'll be a lot of promises about technology and some will work really well, as in the example of CMU's programs, and others won't. We should invite the innovation, but balance it with accountability and that requires transparency of data and results.

Question 2. In Pittsburgh, Carnegie Mellon University's Online Learning Institute has been doing tremendous work on these issues for over a decade. Part of their success has stemmed from the ability to analyze data from their online courses. Obviously, privacy and the protection of our students' information is paramount, so how do we balance those concerns while still allowing for important research to continue as we move these kinds of projects to scale? Are our current laws up to the task or will we have to make changes?

Answer 2. Higher education has resisted the transparency of data suggested here. Minimally, we can aggregate data to protect it. But realistically, we need a uniform student record.

Question 3. As our economy shifts, we know there are millions of workers who are unfortunately left behind and could use retraining or new credentials in order to effectively re-enter the labor market. How effective could some of these platforms be for retraining laid-off or displaced workers? What are the barriers that are in place and how do we ensure the quality?

Answer 3. A lot of the new innovations are not now title IV eligible. We need to bring them into the title IV eco-system, which means changes in title I eligibility. We've seen the effectiveness of coding boot camps, for example. Again, if we are allowing them in, we need (A) new and better forms of quality assurance (accreditation) that focus on outcomes and (B) transparency of data, so we can really know if they are performing as they claim.

SENATOR WHITEHOUSE

Question 1. Talking with higher education stakeholders in Rhode Island, I have seen broad agreement that regulation in higher education could be reduced, simplified, or consolidated. What are some specific ways in which we can address over-regulation in higher education?

Answer 1. Congress could stop piling on new regulatory demands. When stuck in a hole, the first rule is "stop digging." We could define "good standing" and then allow institutions who have earned that designation more time between reports.

Question 2. I'm concerned that accreditors can serve to protect incumbent institutions and practices, and stifle innovation. How can we ensure that we have an accreditation system that maintains quality and protects Federal student aid, while fostering innovation to address the evolving needs of students?

Answer 2. We need an accreditation system that is built around outputs, not inputs. The later, the basis for most accreditation, is a poor proxy for measuring actual outcomes and performance. If we shift to outcomes-based accreditation, we should ask for three critical things:

- The claims being made for the learning.
- How provider really knows (the assessment question).
- Transparency of results.

If we are VERY clear about the claims we make for learning and how we know and share the results, we ought not to care much how providers get students there. That will invite a range of innovative new approaches. This would be a dramatic change in how accreditation happens today.

RESPONSE BY MICHAEL B. HORN TO QUESTIONS OF SENATOR CASEY
AND SENATOR WHITEHOUSE

SENATOR CASEY

Question 1. As our economy shifts, we know there are millions of workers who are unfortunately left behind and could use retraining or new credentials in order to effectively re-enter the labor market. How effective could some of these platforms be for retraining laid-off or displaced workers? What are the barriers that are in place and how do we ensure the quality?

Answer 1. These new programs are ideal for the millions of workers who could use retraining or new credentials in order to effectively re-enter the labor market. As disruptive innovations, they will target ideally people who were nonconsumers before—that is, unable to access the traditional offerings—which is exactly this segment, and given that they are shorter programs typically and directly targeted at connecting students to employment in many cases, this is a huge opportunity. The challenge has been helping employers see the value that competency-based programs provide, as it's such a novel idea that most H.R. departments and companies are still filtering by traditional credentials instead of something that could be of far greater value to them. One idea might be to help employers bestow quality directly on these new providers through the *de facto* accrediting associations they create.

In addition, per my additional testimony already provided, I have listed many of the barriers that exist in terms of treating these programs as traditional ones and regulating them by traditional regulations that do not at all fit these new opportunities and would not help with quality assurance.

SENATOR WHITEHOUSE

Question 1. Talking with higher education stakeholders in Rhode Island, I have seen broad agreement that regulation in higher education could be reduced, simplified, or consolidated. What are some specific ways in which we can address over-regulation in higher education?

Answer 1. Whenever a disruptive innovation emerges—and *online, competency-based learning deployed in the right business model* is a disruptive innovation—it doesn't look as good as existing services according to the old metrics of performance. Disruptions tend to be simpler than existing services; they start by solving undemanding problems. As a result, the sector's leading organizations often dismiss them because they don't look terribly good in comparison to the way people have traditionally thought of quality. But they also redefine the notion of what is quality and performance. As such, they don't fit neatly into existing regulatory structures and often create new ones over time. Judging them by the old regulations can also limit their innovative potential by trapping and confining them to replicate parts of the existing value propositions of the old system rather than deliver on their new value proposition.

For online, competency-based programs, the old metrics are those focused on inputs. These new programs often lack breadth, generally do not do academic research, and they don't have grassy green quads and traditional libraries. Assessing them based on these criteria along with specifying their faculty members' academic credentials and course requirements doesn't make much sense, nor does one-size-fits-all regulations that govern how *students interact with faculty* online, especially given that *more interaction in online courses isn't always better* for students. Regulations *limiting the geography* in which approved programs can serve students are counter-productive as well for a medium that knows no geographic boundaries.

Question 2. I'm concerned that accreditors can serve to protect incumbent institutions and practices, and stifle innovation. How can we ensure that we have an accreditation system that maintains quality and protects Federal student aid, while fostering innovation to address the evolving needs of students?

Answer 1. I am concerned about the same thing. The evidence from our research on innovation shows that these bodies do not have the resources, processes, and priorities to shift and judge these new forms of higher education emerging.

Some have suggested a government-driven assessment program to drive quality, but that is unlikely to work. These competency-based programs are emerging in a wide variety of fields that are constantly changing—from IT fields to the liberal arts. Using common, government-mandated assessments will be difficult and unwieldy at best and could stunt innovation. Even pegging program quality to a broader assessment—the Collegiate Learning Assessment, for example, is a favorite of many people for its assessment of underlying critical thinking, analytic reasoning, problem solving, and written communication skills—may not be much better be-

cause those underlying skills that employers say they need manifest themselves in very different ways depending upon the domain in which someone is working. The assessment may miss out on assessing the very reason why students attend certain programs. For example, the CLA is likely to tell us very little about the program quality for students studying in accredited cosmetology colleges—incidentally, a type of school that is begging for competency-based learning to free students from what can be akin to an apprenticeship for which they are paying even once they’ve mastered the craft if the full time of the program has yet to elapse.

A better path forward would be for the Federal Government to encourage a variety of experiments over the coming years that try out different approaches in a controlled way, all while releasing programs from the current input-based constraints to learn what works, in what combinations and circumstances, and what are the unintended consequences. A key tenet of all the efforts is that employers along with students are likely best positioned to determine program quality—and programs that align their assessments to the competencies employers need will likely be in a strong place. Some possible paths forward for regulating competency-based programs include creating *risk-sharing programs* with the new institutions and broadening the use of *income share agreements*; giving students the dollars up front and creating far more data transparency around program outcomes so students can make more informed choices; paying programs based on student outcomes in accordance with a concept we had a while back called the *QV Index* that aligns to employment and broader student satisfaction outcomes; experimenting with accreditors that operate like charter authorizers or employer organizations that operate as *de facto* accrediting bodies; and encouraging States to try more experimentation themselves across a broader range of ideas. Moving beyond all-or-nothing access to Federal dollars that can create race-to-the-bottom incentives and only considering the tuition cost of a program as opposed to all of its expenditures so that students capture real savings when costs are reduced is also critical.

Per my suggestion to Senator Casey’s question as well as my original testimony, given that new *de facto* accrediting employer-led bodies are emerging, such as the Open Education Alliance, harnessing them as quality markers in some way might also be worth exploring.

[Whereupon, at 11:41 a.m., the hearing was adjourned.]

