

**REAUTHORIZING THE HIGHER
EDUCATION ACT: STRENGTHENING
ACCOUNTABILITY TO PROTECT
STUDENTS AND TAXPAYERS**

HEARING
OF THE
**COMMITTEE ON HEALTH, EDUCATION,
LABOR, AND PENSIONS**
UNITED STATES SENATE
ONE HUNDRED SIXTEENTH CONGRESS

FIRST SESSION

ON

EXAMINING REAUTHORIZING THE HIGHER EDUCATION ACT, FOCUSING
ON STRENGTHENING ACCOUNTABILITY TO PROTECT STUDENTS AND
TAXPAYERS

APRIL 10, 2019

Printed for the use of the Committee on Health, Education, Labor, and Pensions



Available via the World Wide Web: <http://www.govinfo.gov>

U.S. GOVERNMENT PUBLISHING OFFICE

41-395 PDF

WASHINGTON : 2021

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**REAUTHORIZING THE HIGHER
EDUCATION ACT: STRENGTHENING
ACCOUNTABILITY TO PROTECT
STUDENTS AND TAXPAYERS**

Wednesday, April 10, 2019

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

The Committee met, pursuant to notice, at 10:05 a.m., in room SD-430, Dirksen Senate Office Building, Hon. Lamar Alexander, Chairman of the Committee, presiding.

Present: Senators Alexander [presiding], Cassidy, Romney, Braun, Murray, Casey, Baldwin, Murphy, Warren, Kaine, Hassan, Smith, Jones, and Rosen.

OPENING STATEMENT OF SENATOR ALEXANDER

The CHAIRMAN. The Committee on Health, Education, Labor, and Pensions will please come to order. Senator Murray and I will each have an opening statement, then we will introduce the witnesses. After their testimony, we will have five-minute rounds of questions.

When I was President of the University of Tennessee, one of the first things I did was ask David Gardner, who was then President of the University of California, why his university was considered to be one of the best in the world. And this is what he told me, he said, first autonomy. We basically have four branches of Government in California, he said, and one of them is the University of California. Second, he said competition and choice. Large amounts of state and Federal money following students to the campus of their choice, meaning Pell Grants, student loans, Cal Grants. And third, a commitment to excellence by institutional leaders and faculty on the campuses of the University of California.

As a former University President, I am very much aware that despite that autonomy that Dr. Gardner talked about, our country's 6,000 colleges and universities report to a lot of bosses. They are accountable to a great many individuals, boards, Governments, and other entities. First, they are accountable to the students who may vote with their feet. They may take their Federal and state grants and loans to any accredited institution that will admit them. Second, the 44 federally recognized accrediting agencies whose certification of quality is necessary before institutions are allowed to accept students who bring \$30 billion in new Pell Grants and \$100 billion in Federal student loans each year to ensure that the bil-

lions of dollars are spent wisely. The Federal Government measures how many students default on their loans.

For the 80 percent of students who attend public colleges and universities, states have Governors, state legislators, laws and state higher education authorities who oversee campuses. Every institution, public or private, also has its own Board of Trustees or Directors, and in addition, there are specific Federal rules for the for-profit institutions which about 5 percent of students attend in order to stop fraud against students and taxpayers. And when making a list of bosses, no former University President should leave out the faculty. Most faculty members I have known take great pride in maintaining institutional excellence.

Any president of any American higher education institution has a lot of bosses and a lot of people to whom he or she is accountable. And that has been a mostly successful approach. Most surveys show that the United States has most of the best colleges and universities in the world, and the dream of many of the best students from all around the world is to attend American colleges and universities. But still, I often hear from students asking, is college worth our time and money. I believe there are steps that we can take to make our higher education systems more accountable, provide those students and the taxpayers backing their loans with a clear, yes, college is worth it. In March, at our first bipartisan higher education hearing, we looked at how to simplify how 20 million families apply for Federal Student Aid. I should say that is our first hearing in this Congress. We have been having these hearings for five years now. Last week we held a bipartisan hearing about how to create a safe environment for students attending college.

Today's hearing will be looking for ways to ensure that students are earning degrees worth their time and money, and that taxpayers are paid back the hundreds of billions that they have loaned students to earn degrees to hold colleges accountable for the \$130 billion a year in grants and loans. In 1990, Congress created the Cohort Default Rate, which applies to all colleges and universities. This measure makes a college ineligible to receive Federal Student Aid if for three consecutive years more than 30 percent of its borrowers are in default or over 40 percent in any one year. However, this Cohort Default Rate has proven to be a poor instrument of accountability since it does not take into account the one-third of borrowers who are not yet in default, but who are not making their payments on time. Over the last decade, only 20 schools have become ineligible for Federal Student Aid under the Cohort Default Rate according to the Congressional Research Service. Then there are two Federal accountability rules that apply only to for-profit institutions.

One, the 90-10 rule, which requires that at least 10 percent of a for-profit's revenue come from non-Federal sources. And two, the gainful employment rule, which looks at how much debt a graduate has compared to his or her salary. This comparison of debt to salary has proved to be a confusing and ineffective measure of accountability because it is too complex and does not account for students who take out loans but do not complete their degrees. So, we need more effective measures of accountability, but I do not want the Federal Government acting as a sort of National school board

for colleges, telling states and accreditors and Boards of Directors and institutions how to manage the 6,000 colleges and universities. Four years ago, this Committee passed Every Student Succeeds Act, which reverse the trend toward a National school board for elementary and secondary education.

For the same reason, Washington DC should resist the urge to send thousands of Federal bureaucrats to evaluate our colleges and universities, which would in effect create National school board for colleges. Instead we should look at new measures of accountability that look at whether students are actually repaying their loans. This would be a more effective and simpler way to ensure the taxpayers are not financing degrees at a price so high and worth so little that students are never able to pay back their loans. This proposal is much like the gainful employment rule, but it would apply to every program at every college, public, private, for-profit, non-profit, and would include students who took out loans but dropped out before graduating. For some programs, this new measure should provide colleges with an incentive to lower tuition and help their students stay in school to finish their degrees and find a job so they can repay their loans.

A second step to improve accountability would be for the Federal Government to make the data it collects from colleges more useful to students and families. The Department has struggled for years under all administrations to make such information easily accessible to students and families. As we work on updating the Higher Education Act, we need first to identify what information schools actually need to report, and second to provide direction to the Department on how to make that information accessible and useful to students. And third, we should strength the 44 federally recognized accrediting agencies upon which we rely for certifying that students are receiving a quality education. For example, instead of requiring that accreditors have a standard of “student achievement,” Congress could more clearly require that accreditors measure whether students are both learning and succeeding but leave the specific ways of measuring those to accreditors and institutions.

Our goal needs to be to help students know that their degrees are going to be worth their time and their money, and to help taxpayers know that the Federal Government is not financing programs that do not provide students with a valuable education.

Senator Murray.

OPENING STATEMENT OF SENATOR MURRAY

Senator MURRAY. Well, thank you very much, Chairman Alexander. Thank you to all of our witnesses that are here today. I look forward to your thoughts and expertise as we try to negotiate a comprehensive reauthorization of The Higher Education Act.

During our discussion today, I urge you to keep in mind the other students-centered priorities we are focused on as we work toward updating our Nation’s landmark higher education legislation, addressing the rising costs of college and exploding student debt, increasing access for historically underrepresented students, ensuring students are able to learn in an environment free from discrimination, harassment, and assault. And I am pleased we were

able to have a productive conversation on campus sexual assault last week.

Today's topic at hand, holding all colleges accountable for student success. This is so important not just because taxpayers spend close to \$130 billion in loans and grants every year but because of the immense time and financial investment families and students are making in their education. So, it is critical that all schools are holding up their end of the bargain, enrolling diverse students and supporting all students to help them complete their education and be prepared for success after college.

Currently, less than 60 percent of students graduate with a certificate or degree within six years of when they initially enroll in college. And these numbers are so much lower for students of color, low-income students, and working adults. Less than 50 percent of Latino students and just over 40 percent of blacks students, low income students, and students starting school over the age of 20, will graduate. Students cannot begin to advance their careers or pay back their loans if they do not have a credential that opens the doors for them to do so.

An accountability system has to sharpen its focus on student outcomes and doing so must recognize there are many different types of schools. We have two year, four year, public, private, nonprofit, for-profit, online, competency-based education, and more, educating the most diverse group of students that include first generation college students, students of color, students with disabilities, low-income students, homeless and foster youth, working students, student parents, and more. We have to ensure that our reauthorization of the Higher Education Act includes an accountability system that is as nuanced as our schools and our students.

Additionally, the role of higher education accountability, quality insurance, and ongoing monitoring and oversight does not fall squarely on the shoulders of the Federal Government. It is a partnership between the Federal Government, states, and accrediting agencies. Each of them has an important role to play. Each have to do their part, and there has to be coordination between the three to ensure students are getting the very best education. So, I want to dig into my vision for accountability in this reauthorization. It is important that we maintain and strengthen the current existing law. The Higher Education Act has always used a risk-based accountability system to protect students and taxpayers from schools and programs that have traditionally shown more risk, such as those with profit motives or programs with alternative education of formats.

This is especially important now in this current moment as numerous for-profit college chains have collapsed, including three in recent months leaving students with worthless or non-existent credits and degrees. But fraud and abuse are not the only reason for poor student outcomes in higher education. For example, many schools have been systematically underfunded or under resourced, including due to our country's history of discrimination. And many are unable to or have yet to succeed because there has not been an adequate focus on gaps in student outcomes and initiatives to improve overall student performance.

As we work toward this reauthorization, we should not only protect students from predatory or ineffective actors, we have also to look at broader educational outcomes to ensure all schools are preparing all students for success. Schools must be enrolling all types of students, including from historically underrepresented backgrounds, and schools need to support students while they are in school, so they are able to complete their degree. And of course, students should be able to get a job with their degree or certificate where they both earn enough to manage their student debt and thrive in our diverse and changing society and economy. We need an accountability system that lifts up expectations for all schools and supports less resourced schools.

Some schools want to invest in their students but do not have the resources to do so. Others may not be using what resources they do have in the most effective way. So, we need to ensure schools are using data to better target their resources, and we need to provide schools with the tools they need to help students succeed, including financial aid, the ability to identify when students are falling off track early, career counseling, mental health services, and more.

Finally, we have to create a culture of accountability at all colleges and universities. The entire school, including those at the very top of the administration, have to take responsibility for the overall college's value to students and taxpayers. Before I close, I would also like to just reiterate my concerns the Secretary DeVos and the Department's ongoing deregulatory agenda and enforcement of current policies. Many of the rules she is now working to unravel go directly against the HEA's history of a risk-based accountability framework, and we have to remember that laws are only as effective as their enforcement. We have seen this administration turn the other way when accrediting agencies fail to meet their responsibilities and by shrinking the Department's enforcement unit staff.

With all of that in mind, I look forward to hearing from each of our witnesses today on how we can improve higher education accountability and quality in this reauthorization.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Murray. And thank you for your cooperation, and your staff and on our staff working together to make this a bipartisan hearing as we have over the years. We hope very much that we could take your advice from the witnesses and reauthorize, update our higher education law.

Our first witness is Dr. Belle Wheelan, President of the Southern Association of Colleges and Schools Commission on Colleges, or SACS. SACS is one of seven regional accrediting agencies in our country. It has responsibility for ensuring educational quality for 794 institutions in 11 Southern states. She is the first African American and the first woman to serve as President of SACS. She has over 40 years of experience in higher education. She was president of Northern Virginia Community College. She was Virginia's Secretary of Education appointed by then Governor Mark Warner. Nearly as good a Governor as Governor Kaine was when he was there.

[Laughter.]

Senator KAINE. What can I say. It is true.

[Laughter.]

The CHAIRMAN. She went to LSU and she got her Ph.D., at the University of Texas at Austin. Our second witness is Dr. David Tandberg, Vice President for Policy Research and Strategic Initiatives at the State Higher Education Executive Officers Association, SHEEO. It is a National association of chief executives of state governing policy and coordinating boards of post-secondary institutions. Previously he was an Associate Professor of higher education at the Center for Post-secondary Success at Florida State, and a Special Assistant to the Secretary of Education in the Pennsylvania Department of Education. He earned his bachelor's and master's from Adams State and Ph.D., from Penn State.

Dr. Adam Looney is our third witness. He is a senior fellow in economic studies at Brookings. His research focuses on economic policy analysis, specializing in among other topics, the economics of student loans. He was previously Deputy Assistant Secretary for tax analysis at the U.S. Department of Treasury. Revised the secretary on tax policy, worked to develop the Department of Education's College Scorecard. He was a senior economist with President Obama's Council of economic advisors and was an economist for the Federal Reserve Board. He received his bachelor's from Dartmouth, his Ph.D., from Harvard. Senator Kaine, do you have a witness to introduce?

Senator KAINE. Yes, thank you, Mr. Chairman and Ranking Member Murray. I am really thrilled first to welcome Dr. Wheelan who was a great Virginia Community College President, did a superb job for now Senator Warner, as his Secretary of Education. We are glad to have you. And I am pleased to introduce a wonderful Richmonder who I really admire, Dr. Tressie McMillan Cottom. Dr. Cottom is Professor at Virginia Commonwealth University in Richmond and a Professor of sociology, but before she got her Ph.D., in sociology from Emory, she worked as an admissions counselor in for-profit schools, and so is very, very well-versed in this.

Her experience both as an academic and at work as an admissions counselor led her to write a book in 2016 that is really, really influential called, *Lower Ed: The Troubling Rise of For-Profit Colleges in the New Economy*. That book was one of my Christmas gifts this year. My wife gave it to me to read because she wanted me to read it since I am on this Committee.

Dr. McMillan Cottom is also very well regarded as an author more broadly on cultural topics. I was recently at a book launch party for her most recent work, *Thick*, which is an amazing set of essays about beauty, race, gender, money, fashion. She was on Trevor Noah talking about that back in January, so she is a very rigorous academic in this area but also quite an influencer, as they say, and we are really, really proud of her in Richmond. And I am excited to welcome her to the Committee.

The CHAIRMAN. Thank you, Senator Kaine. I think you embarrassed her, so—

[Laughter.]

The CHAIRMAN. But we welcome you and we welcome all of you. Dr. Wheelan, let us begin with you.

STATEMENT OF BELLE WHEELAN, PH.D., PRESIDENT, SOUTHERN ASSOCIATION OF COLLEGES AND SCHOOLS COMMISSION ON COLLEGES, DECATUR, GA

Dr. WHEELAN. Thank you, Chairman Alexander to you, Ranking Member Murray, and Members of the Committee thank you for the opportunity to present testimony today on the important issue of accountability in higher education.

As you have heard, my name is Belle Wheelan, and for nearly 15 years I have served as President of what we know as SACSCOC. SACSCOC accredited institutions enroll nearly 4.5 million students, 41 percent of whom receive Pell Grants, and 39 percent of whom receive Federal loans. Taken all together, these institutions have a Title IV Federal Student Aid volume of over \$30 billion annually. I am here today to provide an overview on how our agency functions as a gatekeeper to these Federal funds, and how our accredited institutions are held accountable for academic quality, which in turn protects the investment of students, parents, and taxpayers.

SACSCOC's role of what is commonly referred to as the triad is to oversee and ensure the quality of education at each of the institutions we accredit. Once eligible for consideration to be accredited, an institution must apply for candidacy, a process that involves demonstrating through a compliance certification to the commission that they meet each of our rigorous standards in areas such as student achievement and physical capacity. Our Board of Trustees comprised of 77 members elected by the membership, relies on the work of over 5,000 volunteer peer-reviewers to help inform decisions around final accreditation approvals. If an institution becomes accredited, it will be subject to ongoing review and robust oversight by the commission, including undergoing a comprehensive evaluation every 10 years, submitting a formal report at the fifth year, and providing annual reports that include financial information and completion data.

In addition, if an institution does not demonstrate compliance with our standards at any time during the decennial process, we are obligated to assess the reasons for non-compliance and may leverage a sanction on the institution. Some have proposed that as part of the next reauthorization of the Higher Ed Act, the Federal Government either directly or through accreditors, should impose bright lines for institutions that would result in the loss of accreditation and the ability to participate in Federal Student Aid programs if the institutions do not meet certain incomes. I understand why some would be interested in such an idea. It seems simple, takes away most subjectivity and would presumably remove bad actors thereby protecting students. Unfortunately, it is simply not that simple.

I will use graduation rates as an example since it is most often the suggested metric for which a bright-line could be applied. Last year, the Council of Regional Accrediting Commission, of which SACSCOC is a member, issued a one-year review of the graduation rate project that had been initiated the prior year. One of our goals of this project was to take a deeper look at Federal graduation rates. At times accreditors were asked, why do you accredit some

institutions that have extremely low graduation rates. It was and continues to be a fair question. One we felt needed to be answered.

As part of the project, we examined both two-year and four-year institutions with Federal IPEDS graduation rates below 25 percent or half the National average. We found that at 75 percent of these low-grad institutions, the majority of students were not reflected in the Federal data because they did not enter the institutions as first-time, full-time students. An inaccurate representation of an institution student body will clearly have a significant impact on the institution's graduation rate and outcomes. In our region, we looked at the impact of using data from the National Student Clearinghouse, which tracks far more students and uses a longer period of time for when students graduate. Not surprisingly, the graduation rates of community colleges, for example, doubled from 21 percent to 40 percent as a result of using that data.

The point here is not just the Federal graduation rates are often incomplete, and I know that Congress is working to tackle that, but also the fact that bright line graduation rates would invariably fail to capture the many different ways in which graduation rates can be approached, nor would bright lines in and of themselves account for the significant differences between our institutions ranging from highly selective universities to community colleges that have open door admission policy and enroll students of widely varied academic abilities.

Now I want to be very clear, although I oppose the concept of Federal bright lines for accountability, I strongly believe that we as accreditors can and must hold institutions accountable for student outcomes such as graduation rates. Student performances are compared to baseline levels in our region and peer-evaluation committees are expected to use this information as contextual reference points to inform their reviews of institutional cases for compliance.

We also in our region require an institution to develop a quality enhancement plan that focuses on how the institution intends to improve specific learning outcomes and or student success. They have to commit resources to initiate, implement, and complete the plan. I hope that my testimony here today has helped provide a better understanding of how accreditors such as SACSCOC strive each and every day to help not only approve institutions but also to protect students, taxpayers, and parents.

Thank you for the opportunity to testify.

[The prepared statement of Dr. Wheelan follows:]

PREPARED STATEMENT OF BELLE WHEELAN

Chairman Alexander, Ranking Member Murray, and Members of the Committee, thank you for the opportunity to present testimony today on the important issue of accountability in higher education.

My name is Belle Wheelan, and for nearly 15 years, I have served as President of the Southern Association of Colleges and Schools Commission on Colleges (SACSCOC), one of seven recognized regional accrediting agencies in the Nation. SACSCOC represents the common denominator of shared values and practices among more than 794 institutions across 11 southern states, consisting of 480 public, 305 private, and nine for-profit institutions. Our institutions are diverse and encompass research universities, state colleges, liberal arts colleges, community and technical colleges, Historically Black Colleges, Hispanic Serving Institutions as well as faith-based institutions.

SACSCOC-accredited institutions enroll nearly 4.5 million students, 41 percent of whom receive Pell Grants and 39 percent of whom receive Federal loans. Taken al-

together, these institutions have a Title IV Federal student aid volume of over \$30 billion annually.

I'm here today to provide an overview on how our agency functions as a gatekeeper to these Federal funds and how our accredited institutions are held accountable for academic quality, which in turn protects the investments of students, parents and taxpayers.

The process of accountability includes the requirement that eligible institutions be authorized by the states in which they operate and approved by the U.S. Department of Education. While states focus largely on consumer protections for students, the Department is responsible for ensuring compliance with Federal rules and regulations tied to student aid.

SACSCOC's role of what is commonly referred to as the "triad" is to oversee and ensure the quality of education at each of the institutions we accredit.

Once eligible for consideration to be accredited, an institution must apply for candidacy, a process that involves demonstrating through a compliance certification to the Commission that they meet each of our rigorous standards in areas such as student achievement and fiscal capacity. Our Board of Trustees, comprised of 77 members elected by the membership, relies on the work of over 5,000 volunteer peer reviewers to help inform decisions around final accreditation approvals.

If an institution becomes accredited, it will be subject to ongoing review and robust oversight by our Commission, including undergoing a comprehensive evaluation every 10 years, submitting a formal report at the fifth year, and providing annual reports that include financial information and completion data. In addition, if an institution does not demonstrate compliance with our standards at any time during the decennial process, we are obligated to assess the reasons for non-compliance and may leverage a sanction on the institution.

Some have proposed that, as part of the next reauthorization of the *Higher Education Act*, the Federal Government, either directly or through accreditors, should impose "bright lines" for institutions that would result in the loss of accreditation and the ability to participate in Federal student aid programs if institutions do not meet certain outcomes.

I understand why some would be interested in such an idea. It seems simple, takes away most subjectivity, and would presumably remove "bad actors," thereby protecting students. Unfortunately, it's simply not that simple.

I will use graduation rates as an example since it's most often the suggested metric for which a bright line could be applied.

Last year, the Council of Regional Accrediting Commission, of which SACSCOC is a member, issued a one-year review of the Graduation Rate project that had been initiated the prior year.

One of our goals of this project was to take a deeper look at Federal graduation rates. At times, accreditors are asked—"why do you accredit some institutions that have extremely low graduation rates?" It was and continues to be a fair question, and one we felt needed to be answered.

As part of the project, we examined both 2-year and 4-year institutions with a Federal IPEDS graduation rate below 25 percent, or half the national average. We found that at 75 percent of these "low-grad" institutions, a majority of students (and often a vast majority) were not reflected in the Federal data because they did not enter the institutions as first-time, full-time students. An inaccurate representation of an institution's student body will clearly have a significant impact on the institution's graduation rate and outcomes.

As cited in our report, "The Western Association Senior Colleges (WASC) analyzed 23 California State University institutions and found that the Federal IPEDS Student Right to Know graduation rate dramatically underreported graduation rates by 3 to 32 percentage points, largely because the data did not include large groups of students (including non-first-time, non-full-time students) enrolled."

In our own region, we looked at the impact of using data from the National Student Clearinghouse, which tracks far more students and uses a longer period of time for when student graduate (particularly relevant for part-time and non-traditional students). Not surprisingly, the graduation rates of the community colleges we examined doubled from 21 percent to 40 percent.

The point here is not just that Federal graduation rates are often incomplete (an issue I know Congress is working to tackle), but also the fact that "bright line" graduation rates would invariably fail to capture the many different ways in which graduation rates can be approached. Nor would bright lines, in and of themselves, ac-

count for the significant differences between our institutions—ranging from highly selective universities to community colleges that have open door admission policies and enroll students of widely varied academic abilities.

However, I want to be very clear: although I oppose the concept of Federal “bright lines” for accountability, I strongly believe we as accreditors can and must hold institutions accountable for student outcomes, such as graduation rates.

In fact, that is exactly the direction all regional accreditors, including SACSCOC, are headed.

As part of the reviews I mentioned above, SACSCOC takes a close look at institutional outcome metrics including enrollment, completion rates, cohort default rates, retention/withdrawal rates, transfer-out rates, loan repayment rates, and median earnings. These reviews are sometimes done at the institutional level and at times drive down to the program level, depending on information provided by the institution.

At SACSCOC, we pay particular attention to graduation rates—however, we recognize that there is more than one way to define “graduation rate.” But we didn’t let that prevent us from holding institutions accountable for this important outcome. Under our newly adopted standards, we require every institution to identify a key student completion indicator from the following completion metrics to serve as their “baseline performance level”:

- (1) “Traditional” IPEDS overall graduation rate (within 150 percent time);
- (2) “New” IPEDS Outcome Measure (8-year award rate); or
- (3) National Student Clearinghouse “total” completion rate (6 years).

Subsequent performances are then compared to baseline levels. Peer evaluation committees are expected to use this information as contextual reference points to inform their reviews of institutional cases for compliance.

We also ask each of our institutions to identify peer institutions and evaluate their performance and outcomes data against similarly situated institutions. We do this as a way to encourage institutions to consider how they could learn and adopt strategies from high-performing peers. This work has also included, for example, polling all of our institutions for effective strategies to increase graduation rates. We received over 5,000 comments that have enabled institutions to learn about best practices to address this issue.

We also require every institution to develop a Quality Enhancement Plan (QEP). These plans must focus on how the institution intends to improve specific student learning outcomes and/or student success. Institutions must also commit resources to initiate, implement, and complete their plans.

The QEP is an example of intentional and focused use of institutional evaluation data to identify and address a specific and significant area for improving student achievement.

Our standards also hold institutions accountable for collecting and using evaluation data to inform planning and improvement efforts. Many institutions struggle with this necessary requirement. During the first (off-site) stage of the peer review process, about a quarter of institutions in the 2018 class were found to be in non-compliance with this standard. However, by the time the entire process is completed, all but 4 percent of the same institutions had demonstrated compliance.

Since we perceive the reaffirmation of accreditation process to be a continuous improvement process, institutions are able to provide additional information after each stage of the review process, often yielding more positive results and, subsequently, greater compliance with the standards.

Since completion data is submitted annually, staff is able to work with institutions that are making little or no progress with related compliance issues.

When the Commission has reason to believe that an institution is no longer meeting one of our standards (which are consistent with those standards required under HEA), it will ask the institution to demonstrate how it plans to come into compliance through a monitoring report. If after two monitoring reports an institution is not able to demonstrate compliance, it is placed on either Warning or Probation, or its accreditation is withdrawn altogether. The withdrawal of membership or loss of accreditation can be appealed on procedural grounds. During that process, if it is determined that the reason for the drop was strictly financial, there is a provision for new evidence that, if found to be material and significant, can lead the Commission to reconsider its decision.

I hope that my testimony here today has helped provide a better understanding of how accreditors such as SACSCOC strive each and every day to help not only improve institutions but also to protect students, parents and taxpayers.

As you consider changes to the *Higher Education Act*, I welcome the opportunity to work with each of you on ways to ensure we are living up to this responsibility.

Thank you for the opportunity to testify and I welcome any questions you may have.

The CHAIRMAN. Thank you, Dr. Wheelan.
Dr. Tandberg, welcome.

**STATEMENT OF DAVID TANDBERG, PH.D., VICE PRESIDENT
FOR POLICY RESEARCH AND STRATEGIC INITIATIVES,
STATE HIGHER EDUCATION EXECUTIVE OFFICERS ASSOCIATION (SHEEO), BOULDER, CO**

Dr. TANDBERG. Chairman Alexander, Ranking Member Murray, and Members of the Committee, thank you for the opportunity to testify today. It is indeed an honor.

I have been asked to address the issue of accountability in higher education. Among its many obligations, Government has one central role in society, the provision of the public good. The public good or public goods are goods and services that advance the broader public interest and welfare, and where the benefits of the goods and services are open to all. Higher education is difficult because in some ways it acts as a public good, and in other ways it appears to fall short of that definition. Higher education benefits society generally and college graduates directly in a multitude of ways, and in those regards, the U.S. higher education system is performing exceptionally well. However, that is not the complete story.

While simultaneously serving as a critical access point for upward mobility and a means of tremendous opportunity, our higher education system also serves to regenerate existing wealth, status, and privilege. I am convinced that without appropriate Government support and oversight, higher education will not on its own fully accomplish its mission of advancing the public good. Significant inefficiencies appear built into our higher education system. For example, currently over 40 percent of incoming students are failing to complete any credential within six years of starting. Primary factors driving the low average post-secondary completion rate are the race and income-based inequalities built into our system, and the stratification and unequal distribution of resources apparent within and between our post-secondary institutions.

These income and race-based inequalities mean entire segments of our society are being kept out of higher education based on factors independent of desire and talent. Further, when low-income students and students of color access higher education they tend to be stratified into lower resourced and open or broad access institutions. These institutions have fewer resources despite serving the populations of students who need the greatest support. Students of color and low-income students are also over-represented and far more likely to enroll in for-profit institutions than their white majority and upper-income counterparts. This matters because outcomes for students enrolled in for-profit institutions are often significantly worse compared to students in other sectors. In order to ensure that institutions meet certain standards regarding quality

and capacity before they are deemed eligible under Title IV for students to receive Federal financial aid, the original Higher Education Act established the accountability triad.

The triad consists of three entities, accreditors, the Federal Government, and States. Accreditors use peer-review as the foundation of their effort to ensure that institutions meet minimal level of educational quality. The Federal Government has been primarily concerned with consumer protection and consumer information. State authorization serves as the first and foundational formal act in the establishment of a post-secondary institution. Authorization, however, vary significantly by state. States also engage in critical program approval functions, consumer information and protection functions, oversight and regulatory actions, and in performance management, often in the form of performance or outcomes-based funding. The triad has certainly helped higher education function better, protected many students, and helped protect taxpayer dollars.

However, in order for the Government to ensure that higher education in the U.S. is fully operating in the public interest, the triad must function better, and resources must flow to where they are needed most. It is important to note that the participation of each member of the triad allows institutions to receive a level of endorsement that may be used by the institution to signal, compliance, and quality.

Therefore, each entity in the triad must act as a quality assurance mechanism. Experience and research has shown that without clear and deliberate action taken on behalf of underrepresented students, the system will not, on its own, serve them appropriately. Better coordination and partnership, more and better data, and information disaggregated by race and ethnicity are needed to protect students of color and low-income students.

It is an honor to be here today, and I look forward to your questions.

[The prepared statement of Dr. Tandberg follows:]

PREPARED STATEMENT OF DAVID TANDBERG

Chairman Alexander, Ranking Member Murray, and Members of the Committee, thank you for the opportunity to testify today.

My name is David Tandberg and I serve as vice president of policy research and strategic initiatives at the State Higher Education Executive Officers (SHEEO) Association. SHEEO is the national association of the chief executives of statewide governing, policy, and coordinating boards of postsecondary education. We seek to advance public policies and educational practices to achieve more widespread access to and completion of higher education, more discoveries through research, and more applications of knowledge that improve the quality of human lives and enhance the public good.

I have been asked to address the issue of accountability in higher education. While a seemingly dry and perhaps technocratic topic, it, in fact, gets at two of the most critical and fundamental questions facing policymakers concerned with higher education. First, what is the government's interest in higher education? And second, how might the government advance its interest in higher education? These two questions get at the core of what we want and expect from higher education. And in that regard, they reveal that we have much work to do before higher education in the United States can be determined to be fully meeting its obligations to the public. These questions will frame my comments today.

In what follows I will attempt to articulate the government's interest in higher education, discuss various challenges preventing higher education from fully accomplishing its mission and meeting the government's interest, explain the govern-

ment's current accountability system, and then conclude by making several recommendations that may help protect students and better orient higher education toward the public good.

The Government's Interest in Higher Education

Among its many obligations, government has one central role in society: The provision of the public good. The public good or public goods are goods and services that advance the broader public interest and welfare and where the benefits of the goods or services are open to all. The government clearly has an interest in advancing the public good through its activities and policies.¹

Higher education is challenging because in some ways it acts as a public good, and in other ways it appears to fall short of that definition.² Higher education benefits society generally, and college graduates directly, in a multitude of ways. The strength of our country's economy, its health and security, its preeminence in science and technology, the quality of its arts and culture, and the like can all be tied directly back to our higher education system.³ Further, we know that college graduates are less likely to be incarcerated, less likely to depend on public assistance programs, more likely to vote, more likely to volunteer, have better employment outcomes, enjoy greater wealth, and pay more in taxes, among other essential positive outcomes.⁴ In so many ways, the U.S. higher education system is performing exceptionally well.

However, that is not the complete story. While simultaneously serving as a critical access point for upward mobility and as a means of tremendous opportunity, our higher education system also serves to regenerate existing wealth, status, and privilege.⁵ In that specific regard, it does little to improve society. In this case, higher education is not functioning as a public good, and is, in fact, working against the broader public interest. I am convinced that without appropriate government support and oversight, higher education will not, on its own, fully accomplish its mission of advancing the public good. As others have said, the public interest "is more than the sum total of institutional interests."⁶

Given the tremendous investment made in higher education (the states and Federal Government currently appropriate over \$140 billion to higher education),⁷ the potential benefit of higher education to society and individuals, and the apparent shortcomings and challenges in our current higher education system, the government's interest and responsibilities relative to higher education are great. These interests ought to extend beyond the student outcomes of the Federal student loan program (e.g., default rates or repayment rates), to outcomes such as access and completion rates where the actual benefits to individual students are realized. In that regard, the government has an interest in ensuring the broader academic and economic value of the colleges that receive taxpayer funding.

Challenges Facing Higher Education

Significant inefficiencies appear built into our higher education system. Currently, the overall national six-year completion rate is 58.3 percent. While that represents a small increase over the previous year, it also means that over 40 percent of incoming students are failing to complete any credential within six years of starting.⁸

¹ Holly, N. (2018). The SHEEO and the Public Good. In D.A. Tandberg, S. A. Sponsler, R.W. Hanna, & J.P. Guilbeau (Eds), *The State Higher Education Executive Officer and the Public Good: Developing New Leadership for Improved Policy, Practice, and Research*, (pp. 47–64). New York, NY: Teachers College Press.

² Ibid.

³ Owen-Smith, J. (2018). *Research Universities and the Public Good: Discovery for an Uncertain Future*. Stanford University Press. Smith, K. (2018). *A Perfect Mess. The Unlikely Ascendancy of American Higher Education*. Chicago: University of Chicago Press.

⁴ Ma, J., Pender, M., & Welch, M. (2016). *Education Pays 2016: The Benefits of Higher Education for Individuals and Society*. The College Board.

⁵ Clotfelter, C. T. (2017). *Unequal colleges in the age of disparity*. Harvard University Press. Armstrong, E. A., & Hamilton, L. T. (2013). *Paying for the Party*. Harvard University Press. Bowen, W. G., Kurzweil, M. A., Tobin, E. M., & Pichler, S. C. (2005). *Equity and excellence in American higher education*. University of Virginia Press.

⁶ NCPPHE (2005). *State capacity for higher education policy*. San Jose, CA: NCPPHE.

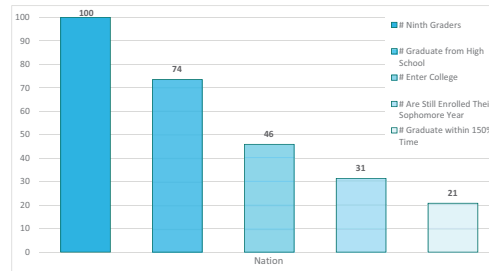
⁷ The Pew Charitable Trusts (2017). *How the governments support higher education through the tax code*. Washington, DC: Pew Charitable Trust.

⁸ Shapiro, D., Dundar, A., Huie, F., Wakhungu, P.K., Bhimdiwala, A. & Wilson, S. E. (2018). *Completing College: A National View of Student Completion Rates—Fall 2012 Cohort (Signature Report No. 16)*. Herndon, VA: National Student Clearinghouse Research Center.

Furthermore, there are leaks throughout the education-to-postsecondary completion pipeline. As seen in *Figure 1*, for every 100 9th-grade students, 74 graduate high school, 46 directly enter college, 31 are still enrolled in their sophomore year, and 21 graduate their program within 150 percent of time.

Figure 1:

For every 100 9th-grade students the number who graduate high school, directly enter college, are still enrolled in their sophomore year, and graduate their program within 150 percent of time.



Source: NCHEMS Information Center. Education Levels of the Population: ACS Educational Attainment by Degree-Level and Age-Group (American Community Survey).

Primary factors driving the low average postsecondary education completion rate and the leaks in the education pipeline are the race and income-based inequalities built into our system and the stratification and unequal distribution of resources apparent within and between our postsecondary institutions.

Our current higher education system results in much more favorable outcomes for students who come from a higher socioeconomic status. Barriers to access faced by lower income individuals prevent the social mobility needed for our society to thrive. These income- and race-based inequalities mean entire segments of our society are being kept out of higher education based on factors independent of desire and talent. The result is that our ability to reap the benefits of a fully functional higher education system operating in the public interest is limited because of the current structural inequalities built into the system.⁹

As seen in *Table 1*, the lowest achieving high-income students attend postsecondary education at the same rate as the highest achieving low-income students. Factors other than achievement and ability are systematically keeping large numbers of lower-income students out of higher education. Higher income students are likewise more likely to complete college than their lower income peers.¹⁰

Table 1:
College attendance by academic achievement and income

| Achievement Level (in quartiles) | Low-Income | High-Income |
|-------------------------------------|------------|-------------|
| First (Low) | 36% | 77% |
| Second | 50% | 85% |
| Third | 63% | 90% |
| Fourth (High) | 78% | 97% |

Source: National Education Longitudinal Study; achievement based on nationally normed standardized test.

Further, race is a factor when it comes to access and success. As seen in *Figure 2*, Hispanic and black Americans are critically underrepresented among U.S. adults with a bachelor's degree or more. This difference is impacted by Asian and white

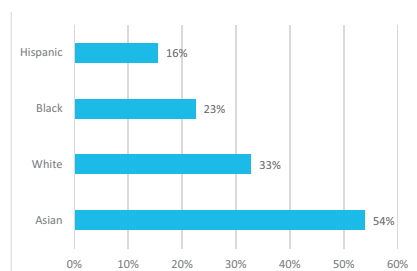
⁹ Clotfelter, C. T. (2017). *Unequal colleges in the age of disparity*. Harvard University Press. Armstrong, E. A., & Hamilton, L. T. (2013). *Paying for the Party*. Harvard University Press. Bowen, W. G., Kurzweil, M. A., Tobin, E. M., & Pichler, S. C. (2005). *Equity and excellence in American higher education*. University of Virginia Press.

¹⁰ The College Board (2018). Trends in Higher Education. <https://trends.collegeboard.org/education-pays/figures-tables/completion-rates-family-income-and-parental-education-level>.

students having much higher completion rates (68.9 percent and 66.1 percent, respectively) than Hispanic and black students (48.6 percent and 39.5 percent, respectively);¹¹ and also because black and Hispanic 18 to 24-year-olds are significantly less likely to enroll in college than their white peers.¹² However, it should be noted the Federal education data collection systems do not allow for proper disaggregation of the broad Asian category. Among certain Asian communities, large shares live at or below the poverty line, and educational attainment levels vary significantly.¹³

Figure 2:

Percentage of U.S. Adults with a Bachelor's Degree or More by Race/Ethnicity



Source: Ryan, C. L., & Bauman, K. (March 2016). Educational Attainment in the United States: 2015. *United States Census Bureau Current Population Reports*.

Further students of color are more likely to borrow, and take on more debt, and are less likely to be able to pay down their debt than their white peers. This is particularly true for African-American students. Likewise, low-income students suffer similar challenges.¹⁴ These challenges are compounded by their lower completion rates discussed above.

When low-income students and students of color access higher education, they tend to be stratified into low-resourced and open/broad-access institutions. For example, students whose family income falls within the 80th percentile nationally are four times more likely to enroll in selective schools than students in the 20th percentile. Further, the under representation of low-income students at highly selective schools has increased over time.¹⁵ Likewise, from 1995 to 2013, 82 percent of new white enrollments have gone to the 468 most selective colleges, while enrollments for Hispanics (72 percent) and African Americans (68 percent) have gone to two-year and four-year open-access schools.¹⁶

Focusing specifically on our public higher education systems, Bridget Terry Long found that, while holding other factors constant, public research institutions received \$2,504 per full-time equivalent student more in state appropriations than other public four-year schools and \$5,227 more than public two-year colleges. She further showed that institutions that enroll the students who are best prepared academically to succeed, and therefore may require the fewest resources, are receiving

¹¹ Shapiro, D., Dundar, A., Huie, F., Wakhungu, P.K., Yuan, X., Nathan, A. & Bhimdiwali, A. (2018). *Completing College: A National View of Student Completion Rates—Fall 2012 Cohort (Signature Report No. 16)*. Herndon, VA: National Student Clearing house Research Center.

¹² Marcus, J. (2018). Facts about race and college admission. *Hechinger Report*. <https://hechingerreport.org/facts-about-race-and-college-admission/>.

¹³ <https://www.pewresearch.org/topics/asian-americans/>.

¹⁴ Scott-Clayton, J. (2018). The looming student loan default crisis is worse than we thought. *Evidence Speaks Reports, Brookings Institution*, 2(34), 1–10. <https://www.brookings.edu/wp-content/uploads/2018/01/scott-clayton-report.pdf>. https://www.washingtonpost.com/news/grade-point/wp/2018/05/16/when-it-comes-to-student-debt-its-really-a-matter-of-wealth/?utm_term=.65000fd945ea. <https://www.brookings.edu/research/what-accounts-for-gaps-in-student-loan-default-and-what-happens-after/>. <https://www.reuters.com/article/us-column-marksjarvis-college/low-income-college-students-can-fall-into-bad-hole-with-loans-idUSKCNILL2S8>.

¹⁵ Reardon, S.F., Kasman, M., Klasik, D., & Baker, R. (2016). Agent-Based Simulation Models of the College Sorting Process. *Journal of Artificial Societies and Social Simulation* 19(1)8.

¹⁶ Carnevale, A. & Strohl, J. (2013). *Separate and Unequal: How Higher Education Reinforces the Intergenerational Reproduction of White Racial Privilege*. Georgetown University, Center on Education and the Workforce. <https://cew.georgetown.edu/cew-reports/separate-unequal/>.

a disproportionate amount of state funding relative to institutions that enroll students who are less prepared academically.¹⁷

These differences in funding and institutional resources matter. Deming and Walters (2017) found that at community colleges, a 10 percent rise in spending increases associate degree completions by 10.6 percent and certificates by 23.2 percent (one year after the spending increase). For bachelor's degrees, a 10 percent rise in spending increases completions by between 4 and 5 percent (two to three years after the spending increase).^{18, 19}

The stratification is even starker and the implications far greater when enrollments and outcomes are compared across for-profit and nonprofit institutions. Students of color and low-income students are over represented and far more likely to enroll in for-profit institutions than their white-majority and upper-income counterparts.²⁰ This matters because loan burden among for-profit students is far greater, for-profit borrowers default at twice the rate of public two-year borrowers (52 versus 26 percent after 12 years), the rate of default among all for-profit entrants is nearly four times that of public two-year entrants (47 percent versus 13 percent), graduation rates are lower in the for-profit sector, and employment outcomes for graduates from for-profit colleges are worse.²¹ For an in-depth discussion of the risks associated with for-profit higher education, see Tressie McMillan Cottom's *Lower Ed.*²²

Why do these postsecondary inequalities exist? They can be traced back to larger inequalities that are historic in our country, and which currently begin at birth for low-income individuals and people of color.²³ They are related to our country's historic and pervasive institutionalized racism and the fact that our country's social and economic systems have, since its founding, benefited the wealthy. Racial and income-based disparities in access to quality preK–12 education, healthcare, and social capital, among other factors, have all limited opportunity. Likewise, college costs; college and university recruitment policies; internal college services, policies, and practices; and the like have limited opportunity and success in higher education.²⁴ The question then is: What can be done about these problems?

¹⁷ Long, B. T. (2016). *State Support for Higher Education: How Changing the Distribution of Funds Could Improve College Completion Rates*. The Miller Center. http://web1.millercenter.org/commissions/higher-ed/Long_No9.pdf.

¹⁸ Deming, D. J., & Walters, C. R. (2017). The Impact of Price Caps and Spending Cuts on US Postsecondary Attainment (No. w23736). *National Bureau of Economic Research*. <http://www.nber.org/papers/w23736>.

¹⁹ For examples of how these additional resources can be used to create positive impact outcomes, see: Scrivener, et al. (2015). Doubling graduation rates: Three-year effects of CUNY's Accelerated Study in Associate Programs (ASAP) for developmental education students. Washington, DC: MDRC. Sommo, C. et al (2018). *Doubling Graduation Rates in a New State: Two-Year Findings from the ASAP Ohio Demonstration*. Washington, DC: MDRC.

²⁰ Libassi, C.J. (2018). *The neglected college race gap: Racial disparities among college completers*. Washington, DC: Center for American Progress. <https://cdn.americanprogress.org/content/uploads/2018/05/22135501/CollegeCompletions-Brief1.pdf>. Yuen, V. (2019). New insights into attainment for low-income students. Center for American Progress. <https://www.americanprogress.org/issues/education-postsecondary/reports/2019/02/21/466229/new-insights-attainment-low-income-students/>.

²¹ Cellini, S. R., & Turner, N. (2016). *Gainfully employed? Assessing the employment and earnings of for-profit college students using administrative data* (No. w22287). National Bureau of Economic Research.

²² Cottom, T. M. (2017). *Lower ed: The troubling rise of for-profit colleges in the new economy*. The New Press.

²³ Putnam, R. D. (2016). *Our kids: The American dream in crisis*. Simon and Schuster. Bonilla-Silva, E. (2006). *Racism without racists: Color-blind racism and the persistence of racial inequality in the United States*. Rowman & Littlefield Publishers. Oliver, M., & Shapiro, T. (2013). *Black wealth/white wealth: A new perspective on racial inequality*. Routledge. Clotfelter, C. T. (2017). *Unequal colleges in the age of disparity*. Harvard University Press. Armstrong, E. A., & Hamilton, L. T. (2013). *Paying for the Party*. Harvard University Press. Bowen, W. G., Kurzweil, M. A., Tobin, E. M., & Pichler, S. C. (2005). *Equity and excellence in American higher education*. University of Virginia Press.

²⁴ Goldrick-Rab, S. (2016). *Paying the price: College costs, financial aid, and the betrayal of the American dream*. University of Chicago Press. Putnam, R. D. (2016). *Our kids: The American dream in crisis*. Simon and Schuster. Bonilla-Silva, E. (2006). *Racism without racists: Color-blind racism and the persistence of racial inequality in the United States*. Rowman & Littlefield Publishers. Oliver, M., & Shapiro, T. (2013). *Black wealth/white wealth: A new perspective on racial inequality*. Routledge. Clotfelter, C. T. (2017). *Unequal colleges in the age of disparity*. Harvard University Press. Armstrong, E. A., & Hamilton, L. T. (2013). *Paying for the Party*. Harvard University Press. Bowen, W. G., Kurzweil, M. A., Tobin, E. M., & Pichler, S. C. (2005). *Equity and excellence in American higher education*. University of Virginia Press. Carnevale, A. & Strohl, J. (2013). *Separate and Unequal: How Higher Education Reinforces the Intergenerational Reproduction of White Racial Privilege*. Georgetown University, Center on Education and the Workforce. <https://cew.georgetown.edu/cew-reports/separate-unequal/>. Long, B. T. (2016).

Advancing the Government's Interest in Higher Education Via Accountability

The data points previously discussed make clear the need to improve the degree to which, and how, we fund higher education and also the financial support we provide students. It is imperative that we are more intentional regarding how we fund and design our financial aid systems and the manner and level of direct institutional appropriations.²⁵ However, given the focus of this hearing, I will focus specifically on our accountability system for higher education, with a special focus on the states and their efforts. Later in the recommendations, I will return to questions regarding how we might better use finance policy to support low-income students and students of color.

Accountability and the Triad

The triad (sometimes referred to as the accountability triad or the program integrity triad) consists of three entities: accreditation agencies, the Federal Government, and states. The triad was established under the original 1965 Higher Education Act (HEA) to ensure that institutions meet certain standards regarding quality and capacity before they are deemed eligible under Title IV for students to receive Federal financial aid.

Accreditors

Accreditors use peer review as the foundation of their effort to ensure that institutions meet a minimal level of educational quality. Accreditors focus on institutions' educational missions and the extent to which the institution engages in quality improvement, their student learning outcomes, and their financial and human resources. Accreditors' reviews are often intensive, involving significant data and information collection, site visits, and iterative discussions. Some have recommended changes to accreditation to better align the review processes to student outcomes and equity considerations. For example, accreditors could develop common measures of student learning and success and disaggregate those measures and others by income and race/ethnicity.²⁶ Loss of accreditation generally does not happen quickly, and when it does it frequently results in institutional closure.

The Federal Government

The Federal Government also plays a key role in the triad. The most direct participant is the Department of Education which implements the provisions of the HEA and its own rules and regulations. They are the primary interface with the accreditors, providing both approval and oversight. They also directly interact with institutions, primarily around student financial aid. They administer Federal programs, engage in data collection and research, and operate and oversee the giant Federal student financial program, among other responsibilities.

Legislatively, the Federal Government has been primarily concerned with consumer protection and consumer information.²⁷ Examples of consumer protection include Cohort Default Rate, Financial Responsibility standards, Gainful Employment, and the "90/10 rule". It is important to note that many of these existing consumer protection policies were designed to target the areas of greatest risk to students and taxpayers. Default rates pose the most significant harm to students and taxpayers. Gainful employment was designed to target the variability in quality among career training programs within the for-profit sector and certificate programs. 90/10 deals with whether a for-profit product is of sufficient enough quality to attract at least 10 percent of non-government private investment. Examples of Federal consumer information efforts include, the College Scorecard, the Net Price

State Support for Higher Education: How Changing the Distribution of Funds Could Improve College Completion Rates. The Miller Center. http://web1.millercenter.org/commissions/highered/Long_No9.pdf. Deming, D. J., & Walters, C. R. (2017). *The Impact of Price Caps and Spending Cuts on US Postsecondary Attainment* (No. w23736). National Bureau of Economic Research. <http://www.nber.org/papers/w23736> Jackson, C.K. (2018). *Does school spending matter. The new literature on the old question.* https://works.bepress.com/c_kirabo_jackson/38/. Chingos, M.M. & Blagg, K. (2017). *Do poor kids get their fair share of school funding?* Washington, DC: Urban Institute. <https://apps.urban.org/features/school-funding-do-poor-kids-get-fair-share/>.

²⁵ For example, better directing resources where they are needed most: low-income students and the underfunded institution where they enroll.

²⁶ <https://www.americanprogress.org/issues/education-postsecondary/reports/2018/04/25/449937/college-accreditors-miss-mark-student-outcomes/>.

²⁷ Kelchen, R. (2018). *Higher education accountability.* Johns Hopkins University Press.

Calculator, the Financial Aid Shopping Sheet, College Navigator, and the College Affordability and Transparency Center. The effectiveness of these transparency efforts has not been firmly established; however, there is some evidence that wealthier students tend to be more likely to access and respond to such information efforts.²⁸ This indicates that while transparency in outcomes is helpful, it is not nearly sufficient—the Federal Government—and its partners in states and accrediting agencies—can and should have a robust role in consumer protection to ensure students are not defrauded and are receiving a quality education of value in their pursuit of a higher education.

The States

State authorization serves as the first and foundational formal act in the establishment of a postsecondary institution. To legally grant a degree and other recognized credentials, a postsecondary institution must be authorized by a state government. States (or colonies, as the case may be) have been authorizing institutions since colonial times. The authorizing role of the states in the triad was statutorily reinforced and mandated in the original 1965 Higher Education Act and each subsequent reauthorization. Under the HEA, state authorization has been a baseline requirement for any institution seeking to gain or maintain access to Federal financial aid dollars. Authorization, however, varies significantly by state. Some states undergo significant information and data collection and conduct site visits. In other states, the process is much simpler and fairly passive. Some states have a formal reauthorization process that is undertaken after a certain number of years and involves an examination of student outcomes and other important indicators.²⁹

Since 2010 distance education providers are required to seek authorization in every state where their students are physically located—though the regulations have been recently delayed. This led to the creation of state authorization reciprocity agreements and the National Council for State Authorization Reciprocity Agreements (NC-SARA). NC-SARA is a voluntary organization that has established baseline authorization requirements that states agree to. Institutions pay to join NC-SARA, and if they receive authorization in a member state, their authorization is recognized in all NC-SARA states. Currently, 49 states are members of NC-SARA and close to 2,000 institutions participate (including public, private non-profit, and private for-profit institutions). NC-SARA has developed quickly; allowed institutions who may have otherwise had to quit offering distance education to continue to do so, and provided baseline quality standards that apply uniformly across the participating states. However, critics have argued that NC-SARA has reduced state authority, not included enough consumer protections and student recourse provisions, and does not have enough state oversight.³⁰

States also engage in other accountability efforts beyond authorization. They approve new academic programs (generally referred to as program approval authority). The program approval process is meant to ensure that colleges are not unnecessarily duplicating programs and that these programs meet certain quality standards and state educational needs. Again, the scope and procedures for program approval vary greatly across the states. For example, in some states, program approval only applies to public institutions; in others, state boards or agencies approve all new programs regardless of the sector. Likewise, the specific procedures and what programs require approval also vary across the states.

States also engage in data collection and reporting. This effort serves multiple purposes. It signals to institutions what outcomes and measures are important to the state; it provides state policymakers with data and information they can use to assess institutional performance, design policies, and intervene when necessary; and it serves a consumer information function.³¹ Most states have longitudinal student-level data systems, which if used properly can provide significant information and support robust research efforts. However, the extent to which the data systems are used in this manner varies greatly by state.

²⁸ Hurwitz & Smith (2018). Student Responsiveness to Earnings Data in the College Scorecard. *Economic Inquiry*, 56(2), 1220–1243.

²⁹ Harnisch, T., Nassirian, B., Saddler, A., & Coleman, A. (2016). Enhancing State Authorization: The Need for Action by States as Stewards of Higher Education Performance. State-Federal Partnerships in Postsecondary Education. *Education Commission of the States*.

³⁰ <https://s3-us-west-2.amazonaws.com/production.tcf.org/app/uploads/2016/06/17174318/Shireman-Mattes-Comments-Re-SARA-1.pdf>. <https://www.calfac.org/sites/main/files/file-attachments/close-calif-covert-4profit-loophole.pdf>.

³¹ Kelchen, R. (2018). *Higher education accountability*. Johns Hopkins University Press.

States engage in performance management. One of the most popular is performance- or outcomes-based funding (OBF). At least 30 states tie state appropriations directly to certain outcomes measures. Under these arrangements, colleges and universities earn a portion (and in some states all) of their state funding according to how well they perform on a variety of measures including credential completion, credit hour completion, graduation rates, and the like. The research on the impact of OBF on completions has revealed little impact on average, with some positive effects over time. However, the research has also revealed significant equity concerns regarding enrollments of students of color and low-income students and the distribution of state funds across well-resourced and lower-resourced institutions.³² That said, research has shown that including certain equity bonuses for the enrollment and credential completion of low-income students and underrepresented students of color has mitigated some of the unintended consequences and produced positive outcomes in certain circumstances.³³

Finally, merely viewing the states' role from the perspective of the triad as outlined in the HEA, vastly understates the states' role. Far beyond merely authorizing institutions, state agencies and appointees, may in some cases, *control and operate* the public institutions enrolling the vast majority of postsecondary students in their states. Even where state agencies do not have direct operational control, they interact with the institutions on a daily basis, engage in the accountability actions described above, often dull out state appropriations to institutions, administer financial aid program, help design policy, implement policy, evaluate policies, among other responsibilities and actions. These agencies and offices are accountable to the public, in service of the public interest.

Recommendations

Given the significant challenges facing our U.S. higher education system in serving low-income students and students of color, my recommendations will primarily focus on how our accountability efforts might better protect and serve these students. Experience and research have shown that without clear and deliberate action taken on behalf of underrepresented students, the system will not, on its own, serve them appropriately.³⁴ This is an area of clear governmental interest. Our higher education system cannot be deemed as serving the public good if it systematically excludes certain students. Two overriding principles ought to guide our accountability efforts: (1) our efforts ought to focus on improving the quality of all postsecondary education providers, and (2) our efforts ought to give special focus and attention to the enrollment and successful completion of low-income students and students of color. Here I provide several recommendations regarding accountability systems. I then include a few suggestions for consideration regarding new Federal higher education finance policy. I do this because, in many cases, we cannot expect significant improvement in student outcomes without additional resources. This is

³² Hillman, N., & Corral, D. (2017). The Equity Implications of Paying for Performance in Higher Education. *American Behavioral Scientist*, 61(14), 1757–1772. Li, A. Y., Gándara, D., & Assalone, A. (2018). Equity or Disparity: Do Performance Funding Policies Disadvantage 2-Year Minority-Serving Institutions? *Community College Review*, 46(3), 288–315. Kelchen, R., & Stedrak, L. J. (2016). Does Performance-Based Funding Affect Colleges' Financial Priorities? *Journal of Education Finance*, 41(3), 302–321. Umbricht, M. R., Fernandez, F., & Ortigas, J. C. (2017). An examination of the (un)intended consequences of performance funding in higher education. *Educational Policy*, 31(5), 643–673. Birdsall, C. (2018). Performance Management in Public Higher Education: Unintended Consequences and the Implications of Organizational Diversity. *Public Performance & Management Review*, 1–27. Hu, X., & Villarreal, P. (2018). Public Tuition on the Rise: Estimating the Effects of Louisiana's Performance-Based Funding Policy on Institutional Tuition Levels. *Research in Higher Education*, 1–34. Hagood, L. P. (2017). *The financial benefits and burdens of performance funding* (Doctoral dissertation, University of Georgia). <https://athenaeum.libs.uga.edu/handle/10724/37779>. Gándara, D., & Rutherford, A. (2018). Mitigating unintended impacts? The effects of premiums for underserved populations in performance-funding policies for higher education. *Research in Higher Education*, 59(6), 681–703. Hillman, N. & Crespín-Trujillo (2018). State accountability policies: Can performance funding be equitable? In G. Orfield & N. Hillman (Eds). *Accountability and Opportunity in Higher Education: The Civil Rights Dimension*. Harvard Education Press. Kelchen, R. (2018). Do performance-based funding policies affect underrepresented student enrollment? *The Journal of Higher Education*, 1–26.

³³ Li, A. Y., Gándara, D., & Assalone, A. (2018). Equity or Disparity: Do Performance Funding Policies Disadvantage 2-Year Minority-Serving Institutions? *Community College Review*, 46(3), 288–315. Kelchen, R. (2018). Do performance-based funding policies affect underrepresented student enrollment? *The Journal of Higher Education*, 1–26.

³⁴ Orfield, G., & Hillman, N. (2018). *Accountability and Opportunity in Higher Education: The Civil Rights Dimension*. Harvard Education Press.

particularly true regarding our under-resourced institutions and our low-income students and students of color.

Accountability Policy

Protect and Strengthen the Triad

The U.S. higher education system relies on a functional and robust program integrity triad of the Federal Government, accreditors, and state governments. It is critical that state authorization and Press accreditation be preserved and improved and communication and data sharing among the members of the triad be enhanced.³⁵ Given the serious challenges for low-income students and students of color, ensuring that we have a functional program integrity triad and consumer protections is critical. Opening lines of communication, developing agreed upon protocols for information and data collection and sharing, developing shared understandings and agreements regarding roles and responsibilities, and engaging in more collaborative work and peer learning would all help the triad function more effectively. It is important to note that the participation of each member of the triad allows institutions to receive a level of endorsement that may be used by the institution to signal compliance and quality. Therefore, each member must independently act as an evaluator of quality while also working in cooperation with the other members of the triad. The various responsibilities of the members of the triad should be better delineated. However, some duplication of responsibilities is necessary to ensure adequate oversight. Issues such as quality assurance and consumer protection and institution's finances and governance can all be evaluated from different perspectives and in different manners, reflective of each member of the triad's unique role and position relative to the institutions. Recent closures of institutions, often sudden closures, show the damage that can be done to students when the triad's oversight functions fail to ensure proper communication and preparation.³⁶ Better engagement from all members of the triad in overseeing an institution's finances and integrity may help prevent future sudden failures.

Federal Action: (1) Enhance the roles of the accreditors and the states in the triad to examine and take action on low student outcomes, using revisions to the Higher Education Act; (2) annually convene the members of the triad for professional development, coordination, and information and data sharing; (3) develop and provide a data sharing mechanism for members of the triad; and (4) ensure that each member of the triad is considering data and metrics related to low-income students and students of color in their quality assurance efforts.

Other Federal Actions: (1) Encourage states to work with NC-SARA to ensure that appropriate quality standards, consumer protections, and student recourse provisions are included in the reciprocity agreements and that the organization establishes appropriate state oversight; (2) Encourage states to ensure that their state authorization and program approval efforts are oriented to quality assurance, quality improvement, and consumer protection, and that they consider metrics related to low-income students and students of color. Some additional baseline factors states ought to include in their authorization programs include: a student complaint process; policies to deny, revoke, and suspend authorization; policies and procedures regarding institutional closure and how to respond to institutions nearing closure; and a certification process for programs that meet state licensure requirements.

Improve Data and Research

The first step to addressing a problem is being aware of it. Policymakers at all levels need to be made aware of the data and outcomes for low-income students and students of color. This requires intentional action and high-quality student-level data systems. Policymakers need to collect, analyze, and report data disaggregated by income and race. Lawmakers ought to ask for and incentivize research addressing the causes of and solutions to the challenges related to low-income students and students of color. The data, reports, and research need to be publicized and distrib-

³⁵ Anderson, R.E. (2019). *State and Federal Cooperation Can Improve Higher Education Quality*. Washington, DC: Higher Learning Advocates. <https://higherlearningadvocates.org/2019/01/31/state-and-federal-cooperation-can-improve-higher-education-quality/?platform=hootsuite>.

³⁶ For an excellent example of how devastating these closures can be, please read: <https://www.chronicle.com/interactives/20190404-ForProfit?cid=at&utm-source=at&utm-medium=en&cid=at>.

uted to decision makers. Policymakers then need to use the data, analysis, and research to create explicit equity goals, plans, and policies.³⁷

Federal Action: (1) Implement a Federal student-level data system, including data on student race/ethnicity and income; (2) ensure that Federal data and reports include outcomes by income and race/ethnicity; (3) ensure that Federal research and federally funded research explore ways to improve equity in higher education; (4) disaggregate data by racial/ethnic groups within the Asian community and collect finer grained data on Native American students, especially in regard to tribal affiliation; (5) provide financial support in the form of grants to states to further develop and use their student-level data systems to collect, report, and analyze data on income and race/ethnicity and outcomes for those students; and (6) through the Institute of Education Sciences, provide research grant funding to specifically address challenges related to low-income students and students of color.

Outcomes-Based Funding for Equity

As indicated earlier, a spate of recent research has raised a number of red flags regarding traditional state outcomes-based funding (OBF) and equity. However, newer OBF models that include equity indicators within the OBF formula have been shown, in the literature, to produce some positive outcomes. This is an example of where without deliberate attention to underrepresented students in the design of the program, a well-intentioned accountability program will actually work against the larger government interests.³⁸

Federal Action: (1) Encourage states to include equity premiums in their OBF programs (if they use OBF); (2) As states that have a stake in the value of the institutions that receive their state funding, the Federal Government also has a stake in the value of institutions that receive Federal financial aid funding. Federal Government should consider the lessons from state-based outcomes-based funding and ensure that any increased focus on student outcomes, such as access and completion is done so from an equity perspective. In developing any Federal accountability program, the Federal Government should include equity indicators and be cognizant of the differences in institutional resources, the legacy of inadequate funding for many of our institutions serving low-income students and students of color, and the extent to which institutions spend their money on supporting their students. This should inform how Federal accountability examines institutional outcomes and provide under-resourced and well-intentioned institutions with the support and time they need to improve before applying any sanctions that could have severe unintended consequences.

Maintain and Increase Oversight of the For-Profit Sector

The outcomes for low-income students and students of color and, in particular, black students, in the for-profit sector³⁹ necessitate increased scrutiny and oversight of the sector and the primary accreditors of the for-profit institutions. Recent efforts to roll back restrictions and sanctions for for-profit colleges have made abuses more likely.⁴⁰ A renewed effort to monitor and hold the sector accountable for failures and abuses is necessary.⁴¹ But it is also critical for the Federal Government to be nimble and recognize the new forms of for-profit colleges, including those that convert to non-profit college and contract with their former for-profit entity as

³⁷ Excellent resources for this type of work include: <https://postsecondarydata.sheeo.org/>. <http://www.ihep.org/postsecdata/resources-reports/national-postsecondary-data-infrastructure>. <https://cue.usc.edu/tools/>. <https://edtrust.org/our-resources/data-tools/>.

³⁸ Orfield, G., & Hillman, N. (2018). *Accountability and Opportunity in Higher Education: The Civil Rights Dimension*. Harvard Education Press.

³⁹ Libassi, C.J. (2018). *The neglected college race gap: Racial disparities among college completers*. Washington, DC: Center for American Progress. <https://cdn.americanprogress.org/content/uploads/2018/05/22135501/CollegeCompletions-Brief1.pdf>. Scott-Clayton, J. (2018). The looming student loan default crisis is worse than we thought. *Evidence Speaks Reports, Brookings Institution*, 2(34), 1–10. <https://www.brookings.edu/wp-content/uploads/2018/01/scott-clayton-report.pdf>. Smith, P. & Parrish, L. (2014). *Do students of color profit from for-profit college? Poor outcomes and high debt hamper attendees' future*. Washington, DC: Center for Responsible Lending. <https://www.responsiblelending.org/student-loans/research-policy/CRL-For-Profit-Univ-FINAL.pdf>.

⁴⁰ <https://www.politico.com/story/2017/08/31/devos-trump-forprofit-college-education-242193>. <https://mic.com/articles/189386/the-department-of-education-is-scaling-back-its-oversight-of-for-profit-colleges-heres-how-to-protect-yourself#.Kb7xGjivo>.

⁴¹ For an in-depth discussion of the risks associated with for-profit higher education see: Cottom, T. M. (2017). *Lower ed: The troubling rise of for-profit colleges in the new economy*. The New Press.

a provider of academic and administrative services—often for a large share of tuition, ranging up to 60 percent of tuition.

Federal Action: (1) Protect and maintain current oversight and regulatory tools, including the enforcement of the gainful employment rule; (2) enforce with fidelity current requirements for accreditors that accredit for-profit colleges; (3) review and approve new student fraud claims against for-profit colleges in a fair and efficient manner; and (4) consider returning the 90/10 rule to the original 85/15 requirement.⁴²

Finance Policies

With each of these finance policy considerations, it would be appropriate to connect additional oversight and accountability to the increased financial support. However, if such accountability efforts do not specifically include equity provisions regarding low-income students and students of color and institutions' missions, among other factors, the efforts may result in significant unintended negative consequences.⁴³

Support a Title I Type Program for Higher Education, Including Support for HBCUs and other MSIs

The Federal Title I program provides Federal funds to schools with high percentages of low-income students. These funds pay for extra educational services to help low-income students succeed regardless of income or other factors. While there are some mixed outcomes and findings related to the Federal K–12 Title I program, at least two recent multistate studies using sophisticated, quasi-experimental research designs have found positive impacts related to Title I funding, including improved graduation rates and a reduction in dropouts.⁴⁴ A Title I-type program could be designed for higher education. Third Way has proposed a potential design of such a program that would include three different levels of grants that vary based on the number and percentage of Pell students a college enrolls, with potential bonuses for successful campuses.⁴⁵ Similar to the current K–12 Title I program, a requirement that Federal dollars supplement rather than supplant state and local funding would be essential. While not specifically focused on students of color (at least not as currently proposed), such provisions could be included, and if not, the inequalities in income and wealth based on race make a Title I-type program for higher education a potentially effective mechanism for addressing such inequalities. As noted earlier, increased financial resources at community colleges and non-selective public four-year universities can have significant positive impacts on student outcomes.⁴⁶ Likewise, additional resources are likely to reduce costs to students.⁴⁷

One of the most direct ways Federal lawmakers can positively impact students of color is through their support of historically black colleges and universities (HBCUs) and other minority serving institutions (MSIs). These institutions serve a large share of students of color and also large shares of low-income students. HBCUs, in particular, have a historic and unique mission to serve as access points and engines of opportunity and mobility. They also serve unique cultural purposes within our country and their communities. On average, the outcomes for students of color who attend MSIs are better than similar students who do not attend MSIs. These include graduation and completion rates, labor market outcomes, and return on investment, among other outcomes. As noted earlier, increased financial re-

⁴² Looney, A. & Lee, V. (2019). *Does the 90/10 rule unfairly target proprietary institutions or under-resourced schools?* Washington, DC: Brookings. <https://www.brookings.edu/research/does-the-90-10-rule-unfairly-target-proprietary-institutions-or-under-resourced-schools/>.

⁴³ Orfield, G., & Hillman, N. (2018). *Accountability and Opportunity in Higher Education: The Civil Rights Dimension*. Harvard Education Press.

⁴⁴ Cascio, E.U., Gordon, N., & Reber, S. (2013). Local Responses to Federal Grants: Evidence from the Introduction of Title I in the South. *American Economic Journal: Economic Policy*, 5 (3):126–159. Johnson, R.C. (2015). Follow the Money: School Spending from Title I to Adult Earnings. *RSF: The Russell Sage Foundation Journal of the Social Sciences*, 1(3):50.

⁴⁵ <https://www.thirdway.org/memo/creating-a-title-i-for-higher-ed>.

⁴⁶ Deming, D. J., & Walters, C. R. (2017). *The Impact of Price Caps and Spending Cuts on U.S. Postsecondary Attainment* (No. w23736). National Bureau of Economic Research. <http://www.nber.org/papers/w23736>. Scrivener, et al. (2015). Doubling graduation rates: Three-year effects of CUNY's Accelerated Study in Associate Programs (ASAP) for developmental education students. Washington, DC: MDRC. Sommo, C. et al (2018). *Doubling Graduation Rates in a New State: Two-Year Findings from the ASAP Ohio Demonstration*. Washington, DC: MDRC.

⁴⁷ Webber, D. A. (2017). State divestment and tuition at public institutions. *Economics of Education Review*, 60, 1–4.

sources at our colleges and universities can have large positive impacts on student completions.⁴⁸

Federal Action: (1) Design and implement a Title I-type program for higher education that would provide grants through state higher education agencies to colleges and universities that serve large shares/numbers of lower-income students. (2) *Federal Action:* Increase Federal financial support for MSIs including: HBCUs, tribal colleges, Hispanic-serving institutions, Alaska Native-serving institutions, Native Hawaiian-serving institutions, predominantly black institutions, Asian American and Native American Pacific Islander-serving institutions, and Native American-serving nontribal institutions.

Funding Adequacy

Within higher education, the question of what it costs to successfully educate and graduate students has not been properly answered. Nevertheless, we know that resources matter.⁴⁹ Likewise, different students need different resources and levels of support.⁵⁰ Focusing on the public institutions that enroll relatively large shares of students of color and lower-income students, our approaches to institutional funding have resulted in inequitable institutional resources.⁵¹ For example, black students make up roughly 6 percent of public research university enrollments and 15 percent of public two-year college enrollments, yet research universities have significantly higher per student resources.⁵² New approaches are needed that drive additional resources to the public institutions that serve larger shares of students of color and lower-income students. The central argument for an adequacy approach to funding education institutions is that these students need more, not less, support than students from advantaged backgrounds, and our funding formula should account for that fact. Our current systems for funding public higher education advantage research universities, other high resourced institutions, those with political clout, and those that serve predominantly white and wealthier students and more out-of-state students.⁵³ Reforming the funding system to drive governmental support to the in-

⁴⁸ Espinosa, L. L., Turk, J. M., & Taylor, M. (2017). *Pulling Back the Curtain: Enrollment and Outcomes at Minority Serving Institutions*. Washington, DC: American Council on Education. Espinosa, L., Kelchen, R., & Taylor, M. (2018). *Minority Serving Institutions as Engines of Upward Mobility*. Washington, DC: American Council on Education. Gasman, M., Samayoa, A. C., & Nettles, M. (2017). Investing in Student Success: Examining the Return on Investment for Minority-Serving Institutions. *ETS Research Report Series*, 2017(1), 1–66. Park, T. J., Flores, S. M., & Ryan, C. J. (2018). Labor Market Returns for Graduates of Hispanic-Serving Institutions. *Research in Higher Education*, 59(1), 29–53. Flores, S. M., & Park, T. J. (2013). Race, ethnicity, and college success: Examining the continued significance of the minority-serving institution. *Educational Researcher*, 42(3), 115–128. Flores, S. M., & Park, T. J. (2015). The effect of enrolling in a minority-serving institution for Black and Hispanic students in Texas. *Research in Higher Education*, 56(3), 247–276.

⁴⁹ Deming, D. J., & Walters, C. R. (2017). *The Impact of Price Caps and Spending Cuts on U.S. Postsecondary Attainment* (No. w23736). National Bureau of Economic Research. <http://www.nber.org/papers/w23736>.

⁵⁰ Swail, W. S. (2003). *Retaining Minority Students in Higher Education: A Framework for Success*. ASHE-ERIC Higher Education Report. Jossey-Bass Higher and Adult Education Series. San Francisco, CA: Jossey-Bass. Museus, S. D. (2014). The culturally engaging campus environments (CECE) model: A new theory of success among racially diverse college student populations. In *Higher education: Handbook of theory and research* (pp. 189–227). Springer, Dordrecht. Smith, D. G. (2015). *Diversity's promise for higher education: Making it work*. JHU Press.

⁵¹ Carnevale, A. & Strohl, J. (2013). *Separate and Unequal: How Higher Education Reinforces the Intergenerational Reproduction of White Racial Privilege*. Georgetown University, Center on Education and the Workforce. <https://cew.georgetown.edu/cew-reports/separate-unequal/>. Long, B. T. (2016). State Support for Higher Education: How Changing the Distribution of Funds Could Improve College Completion Rates. The Miller Center. http://web1.millercenter.org/commissions/higher-ed/Long_No9.pdf.

⁵² Digest of Education Statistics (2017). Carnevale, A. & Strohl, J. (2013). *Separate and Unequal: How Higher Education Reinforces the Intergenerational Reproduction of White Racial Privilege*. Georgetown University, Center on Education and the Workforce. <https://cew.georgetown.edu/cew-reports/separate-unequal/>. Long, B. T. (2016). State Support for Higher Education: How Changing the Distribution of Funds Could Improve College Completion Rates. The Miller Center. http://web1.millercenter.org/commissions/higher-ed/Long_No9.pdf.

⁵³ McLendon, M. K., Mokher, C. G., & Doyle, W. (2009). 'Privileging' Public Research Universities: An Empirical Analysis of the Distribution of State Appropriations Across Research and Non-Research Universities. *Journal of Education Finance*, 372–401. Hagood, L. P. (2017). *The financial benefits and burdens of performance funding* (Doctoral dissertation, University of Georgia). <https://athenaeum.libs.uga.edu/handle/10724/37779>. Hillman, N., & Corral, D. (2017). The Equity Implications of Paying for Performance in Higher Education. *American Behavioral*

Continued

stitutions serving the types of students who have not been served as well by our current system would pay significant dividends.^{54, 55}

Federal Action: (1) Federal lawmakers provide funding for the development of adequacy funding formula for public higher education and/or (2) Federal lawmakers make the adoption of approved adequacy funding formula a requirement for participation in the Federal-state partnership described above.

Federal-State Partnership for College Affordability

Because higher education costs are so high and the gap between what many students can pay and what institutions charge is so large, the burden of making college affordable must be shared. The State Higher Education Executive Officers Association (SHEEO) has proposed a measure of affordability and a Federal-state partnership that would ultimately make college affordable for lower-income students.⁵⁶ SHEEO proposes a forward-looking measure of college affordability where students devote no more than 10 percent of their discretionary income toward student loan repayment. The Federal-state partnership proposal built on existing financial aid allocations from all sources in each state. Via a Federal-state matching framework, it was designed to encourage states (in part, through Federal matching dollars) to target additional funding to need-based financial aid programs, reduce general student cost (reducing/limiting tuition and other costs), and to specifically reduce the net price for students from lower-income families. To achieve this affordability threshold, it could cost an estimated additional \$34 billion per year in state and Federal support for higher education. On average, if Federal matching funds were secured, states would need to increase total educational appropriations 5 percent each year for four years to meet the SHEEO affordability threshold. A combination of increased need-based financial aid and increased appropriations to institutions would be needed to meet the affordability threshold. For a compelling, in-depth, and well researched discussion of the need for such an effort see Sara Goldrick-Rab's *Paying the Price* (2016).⁵⁷

Federal Action: Federal lawmakers design a Federal matching program that provides Federal matching dollars for new state investments meant to lower the cost for students to attend public higher education, particularly for lower-income students.

Conclusion

With appropriate clear and deliberate action taken on behalf of underrepresented students, the system can and will serve all students better. This can be done through better coordination, partnership, and oversight and through more and better data and information, disaggregated by income and race/ethnicity. Further, specific efforts to drive resources to low-income students and students of color and the institutions that serve them are also needed.

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⁵⁴ Long, B. T. (2016). *State Support for Higher Education: How Changing the Distribution of Funds Could Improve College Completion Rates*. The Miller Center. http://web1.millercenter.org/commissions/higher-ed/Long_No9.pdf. Kahlenberg, R. D., Shireman, R., Quick, K., & Habash, T. (2018). *Policy Strategies for pursuing adequate funding of community colleges*. NYC: The Century Foundation. <https://tcf.org/content/report/policy-strategies-pursuing-adequate-funding-community-colleges/?agreed=1>.

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⁵⁶ Tandberg, D.A., Laderman, S., & Carlson, A. (2017). *A Federal-State Partnership for True College Affordability*. Boulder, CO: SHEEO. <http://www.sheeo.org/resources/publications/Federal-state-partnership-true-college-affordability>.

⁵⁷ Goldrick-Rab, S. (2016). *Paying the price: College costs, financial aid, and the betrayal of the American dream*. University of Chicago Press.

It is an honor to be asked to present this testimony and I commend you for your service and for addressing these important issues.

Thank you.

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[SUMMARY STATEMENT OF DAVID TANDBERG]

I have been asked to address the issue of accountability in higher education. Among its many obligations, government has one central role in society: The provision of the public good. The public good or public goods are goods and services that advance the broader public interest and welfare and where the benefits of the goods or services are open to all.

Higher education is difficult because in some ways it acts as a public good and in other ways it appears to fall short of that definition. Higher education benefits society generally, and college graduates directly, in a multitude of ways. In those regards, the U.S. higher education system is performing exceptionally well.

However, that is not the complete story. Our higher education system also serves to regenerate existing wealth, status, and privilege. I am convinced that without appropriate government support and oversight, higher education will not, on its own, fully accomplish its mission of advancing the public good.

Primary factors driving the low average postsecondary education completion rate are the race and income-based inequalities built into our system and the stratification and unequal distribution of resources apparent within and between our postsecondary institutions. These income- and race-based inequalities mean entire segments of our society are being kept out of higher education based on factors independent of desire and talent.

In order to ensure that institutions meet certain standards regarding quality and capacity before they are deemed eligible under Title IV for students to receive Federal financial aid the original Higher Education Act (HEA) established the accountability triad. The triad consists of three entities: accreditation agencies, the Federal Government, and states. Accreditors use peer review as the foundation of their effort to ensure that institutions meet a minimal level of educational quality. The Federal Government has been primarily concerned with consumer protection and consumer information. States authorize institutions and also engage in critical program approval functions; consumer information and protection functions; oversight and regulatory actions; and in performance management, often in the form of performance- or outcomes-based funding.

The triad has certainly helped higher education function better, protected many students, and helped protect taxpayers' dollars.

However, in order for government to ensure that higher education in the US is fully operating in the public interest, the triad must function better and resources must flow to where they are needed most. It is important to note that the participation of each member of the triad allows institutions to receive a level of endorsement that may be used by the institution to signal compliance and quality. Therefore, each member must independently act as an evaluator of quality while also working in cooperation with the other members of the triad. Experience and research have shown that without clear and deliberate action taken on behalf of underrepresented students, the system will not, on its own, serve them appropriately. Better coordination and partnership; more and better data and information, disaggregated by income and race/ethnicity; and specific efforts to drive resources to low-income students and students of color and the institutions that serve them are needed.

The CHAIRMAN. Thank you, Dr. Tandberg.
Dr. Looney, welcome.

**STATEMENT OF ADAM LOONEY, PH.D., JOSEPH A. PECHMAN
DIRECTOR OF THE CENTER ON REGULATION AND MARKETS,
BROOKINGS INSTITUTE, WASHINGTON, DC**

Dr. LOONEY. Thank you. Chairman Alexander, Ranking Member Murray, and Members of the Committee, thank you for the opportunity to testify today.

While Federal loans and grants play a central role in financing valuable investments in education. especially for low and middle-income families, not all institutions or programs lead to success. Lending money to someone to attend an educational program with a demonstrated record of failure only harms the student. Unpayable loan burdens not only cost taxpayers, but they haunt borrowers for years. Poor student outcomes are caused by low quality institutions and programs.

At any given college, students with low and high income families have similar earnings and repayment outcomes. As a result, colleges level the playing field across students with different socio-economic backgrounds, often lifting all boats but sometimes sinking them. While disadvantage students are concentrated in a program with poor outcomes, the research is clear about the direction of causality. The problem is with schools not with the students. And so, when it provides financial aid, the Federal Government has a responsibility to students, to the families, and to taxpayers to direct those resources to successful programs and to limit aid for poor

performing institutions. Accountability policies are an inappropriate response to protect taxpayers investments in students, to increase the economic value of this investments, and to protect students from economic harm.

Federal accountability policies were effective in the past. They remain familiar features of the educational policy landscape today, but they are no longer effective because of legislative and regulatory changes, because of expansions in Federal aid that falls outside of the accountability framework like increases in graduate lending, and because of the unintended consequences of borrower protections, which by helping students avoid default, have shielded our institutions from accountability. Federal accountability policies should focus on student outcomes, for instance in institutions' repayment rate, how much a cohort of borrowers has repaid several years after leaving school, would be a better indicator of student success, institutional program quality, and a return on Federal investments than the measures that we use now.

Early repayment outcomes are predictive of long-run success. They are easy to understand. They are practical to measure because successful loan repayment results from the culmination of many incremental milestones, finishing a degree, finding a job, earning enough to repay a loan, it summarizes in a simple way a complex series of individual achievements. Their banner rate conform the basis for the simple familiar systems we have today like the court default rate rule or the gainful employment rule, in which institutions or programs are assessed relative to a threshold and lose eligibility if their performance falls below a minimum level, or the repayment rate could be used as the basis for risk sharing systems in which institutions bare a portion of the financial consequences that students and taxpayers face for poor outcomes.

In either case, the performance benchmarks and sanctions must be sufficient to derive real change, and the rules should apply broadly, including to graduate and parent borrowers. Outcome-based accountability measures would complement other Federal rules like the so-called 90-10 rule and other elements of the accountability triad.

Congress and the public should see the data underlined proposed for payment metrics to understand how they vary across colleges or across demographic groups before they draw bright lines, and we should consider how to improve accountability in institutions that receive Federal funds but do not necessarily participate in loan programs. But those unknowns pale in importance to what we know is happening to students today. We do students no service by subsidizing their attendance at programs with demonstrated records of failure or by encouraging them to take out Federal loans we know they cannot repay.

The evidence shows that policies that close poor quality programs do not limit access to college, they only limit access to poor quality colleges. Students move on to better schools, and there are thousands of such institutions across the U.S. that regularly propel low-income, disadvantaged students up the income ladder. Redirecting Federal dollars to those institutions would protect taxpayers and improve the outcomes for those students.

Thank you.

[The prepared statement of Dr. Looney follows:]

PREPARED STATEMENT OF ADAM LOONEY

Chairman Alexander, Ranking Member Murray, and Members of the Committee, thank you for the opportunity to testify today. My testimony, based on my own research and that of others, emphasizes several key conclusions.

Lending money to someone to attend a program with a demonstrated record of failure is doing the student no favor. Unpayable loan burdens not only cost the taxpayers (with little harm to the school), but they haunt the borrower for years.

Poor student outcomes are caused by low-quality institutions and programs. While disadvantaged students are concentrated in programs with poor outcomes, the research is clear about the direction of causality. The problem is the schools, not the students. Not all institutions or programs lead to success.

When it provides financial aid, the Federal Government has a responsibility—to students, to their families, and to taxpayers—to direct those resources to successful programs and to sanction or limit aid to poor-performing institutions and programs.

Accountability policies are an appropriate policy response to protect the taxpayers' investments in students, increase the return on human capital investments, and to protect students from economic harm. Federal accountability policies were effective in the past. They remain familiar features of educational policy landscape today. But they are no longer effective.

Federal accountability policies should focus on student outcomes after they separate from an institution or a program. For instance, an institution's repayment rate—defined as the fraction of a cohort's initial loan balance that is repaid within a period of time after leaving school—would be a better indicator of student success, institutional quality, and the return on Federal loan dollars than default rate measures we use now.

Early repayment outcomes are predictive of long-run loan outcomes, easy to understand, and practical to measure. Because successful loan repayment results from the culmination of many incremental milestones—degree completion, finding a job, earning enough to pay down the loan—it summarizes in a simple way a complex series of successes.

The repayment rate could form the basis for simple, familiar systems like the Cohort Default Rate rule or the Gainful Employment rule, in which institutions are assessed relative to a threshold and lose eligibility if their performance falls below a minimum level. Alternatively, the repayment rate could be used as the basis for a risk-sharing system, in which institutions bear a portion of the financial consequences that students (and taxpayers) face from poor outcomes. In either case, the performance benchmarks and sanctions must be sufficient to drive real change, and the rules should apply to graduate and parent borrowers, not just undergraduates.

Before adopting a new regime, we first need to solve several unknowns and acknowledge potential short comings. Loan-outcome-based systems don't necessarily provide accountability for institutions that receive Federal funds but don't participate in loan programs. Congress and the public should see the data underlying proposed repayment metrics, to understand how they vary across colleges or demographic groups, before drawing bright lines.

We are doing students no service by sending them to programs with a demonstrated record of failure and need to start addressing it today. Well designed rules would not impair access to college, but would shift students away from failing schools toward better institutions. Federal accountability policies are an appropriate policy response to protect to taxpayers' investments and to protect students from economic harm.

The Consequences of Federal Aid and Existing Federal Accountability Rules

Federal loans and grants play a central role in financing valuable investments in education, especially for low- and middle-income families. In the labor market, workers with bachelor's degrees typically earn roughly \$500,000 more over the course of their careers than individuals with high school diplomas. Beyond the tradi-

tional BA, many career-oriented programs offer degrees and certificates that boost their students' job prospects.¹

College is therefore a key pathway to economic opportunity. Children from the bottom fifth of the income distribution have a 41 percent chance of reaching the top two quintiles if they earn a college degree, but only a 14 percent chance if they do not.² Society as a whole benefits, as well, when more people go to college—from better health, lower crime rates, a more productive workforce, less dependence on public benefits, and a more informed electorate.

The educational workhorses responsible for most of the upward mobility of students are mid-tier, nonselective, and mostly public institutions, rather than elite or selective schools.³ Indeed, research identifies thousands of institutions across the U.S. that regularly propel low-income, disadvantaged students up the income ladder. Federal aid facilitates access to those institutions.

But not all institutions or programs lead to success. Too many students enroll in programs that they can't or don't finish, that don't lead to a job, or, that don't lead to a job that pays well enough to justify the cost or loan burden incurred. These problems are salient in the high rates of default among borrowers. Nearly 40 percent of borrowers who left school in 2004 may default on their student loans by 2023.⁴ When student loan borrowers default—as nearly 1.2 million direct loan borrowers did in 2016—the consequences are particularly severe because of interest and collection costs, credit reporting, tax refund offsets, wage garnishment, and ineligibility for future aid.⁵

A larger economic problem is that many students leave educational programs without having improved their earnings and employment prospects, wasting time, effort, and financial resources that could have been invested more productively. Many career-oriented programs leave students worse off because students' earnings and employment rates are lower than what they were prior to school entry, or their job prospects were little changed but they now owe new loan burdens.⁶ Looking across the country's 671 cosmetology programs, for instance, only six programs produced graduates whose earnings average more than \$20,000 a year; at one typical school, the program costs \$17,700, only 29 percent of students graduate, the average student leaves with \$10,702 in debt, but earns an average of \$12,487 after leaving school.⁷ Most online programs don't appear to increase the earnings of enrollees, despite enrolling millions of aid-dependent students over the past several years.⁸ And other programs that do improve outcomes sometimes still leave their students with debt burdens that exceed their ability to pay back the loans.⁹

The weight of those failures falls most heavily on the most disadvantaged students. Pell Grant recipients comprise nearly 90 percent of students defaulting on

¹ Council of Economic Advisers. 2016. "Investing in Higher Education: Benefits, Challenges, And The State of Student Debt." https://obamawhitehouse.archives.gov/sites/default/files/page/files/20160718_cea_student_debt.pdf. Carnevale, A., S. Rose, and B. Cheah. (2011). "The College Payoff." <https://cew.georgetown.edu/cew-reports/the-college-payoff/>.

² Haskins, Ron. 2008. "Education and Economic Mobility." Economic Mobility Project: An Initiative of The Pew Charitable Trusts. The Pew Charitable Trusts, Philadelphia, PA. https://www.brookings.edu/wp-content/uploads/2016/07/02_economic_mobility_sawhill_ch8.pdf.

³ Chetty Raj, Friedman John N., Saez Emmanuel, Turner Nicholas, Yagan Danny, "Mobility Report Cards: The Role of Colleges in Intergenerational Mobility," Stanford University Working Paper, 2017. <http://www.equality-of-opportunity.org/college/>.

⁴ Scott-Clayton, Judith (2018a). "The looming student loan default crisis is worse than we thought." Brookings Evidence Speaks Reports, 2(34). <https://www.brookings.edu/research/the-looming-student-loan-default-crisis-is-worse-than-we-thought/>.

⁵ U.S. Department of Education, Federal Student Aid (n.d.). "Default Rates." <https://studentaid.ed.gov/sa/about/data-center/student/default>.

⁶ Cellini, Stephanie Riegg and Nicholas Turner (2018). "Gainfully Employed? Assessing the Employment and Earnings of For-Profit College Students Using Administrative Data." The Journal of Human Resources. <http://jhr.uwpress.org/content/early/2018/01/31/jhr.54.2.1016.8302R1.abstract>.

⁷ Wessel, David. (2015). "How to find out what graduates of that cosmetology program actually make." Brookings Up Front Blog, The Brookings Institution. <https://www.brookings.edu/blog/up-front/2015/06/25/how-to-find-out-what-graduates-of-that-cosmetology-program-actually-make/>.

⁸ Hoxby, Caroline. (2017). "Online Postsecondary Education and the Higher Education Tax Benefits: An Analysis with Implications for Tax Administration." IRS-SOI Working Paper. <https://www.irs.gov/pub/irs-soi/17rppostsecondarytaxbenefits.pdf>.

⁹ Looney, Adam, and Constantine Yannelis. 2018. Borrowers with Large Balances: Rising Student Debt and Falling Repayment Rates. Washington, DC: Brookings Institution. https://www.brookings.edu/wp-content/uploads/2018/02/es_20180216_looneylargebalances.pdf.

undergraduate loans.¹⁰ Black BA graduates default at five times the rate of white BA graduates.¹¹ And low-income students disproportionately enroll at institutions whose graduates struggle in the labor market and are unable to repay their loans.¹²

Taxpayers are on the hook for the costs of loans that will never be repaid and for grants squandered on educational opportunities that don't pay off. Aid recipients give up opportunities for higher income by enrolling in programs they can't finish or that don't lead to a good job, hurting them and weakening our economy. In some cases, the only winners are the schools.

Lending money to someone to attend a program with a demonstrated record of failure is doing the student no favor. Defaults not only cost the taxpayers (with little harm to the school), but they harm the borrower for years.

The Role and Responsibilities of Institutions and Institutional Accountability Policies

Poor student outcomes are caused by low-quality institutions and programs. While disadvantaged students are concentrated in programs with poor outcomes, the research is clear about the direction of causality.

The problem is the schools, not the students. At any given college, students from low- and high-income families have very similar earnings and repayment outcomes, even at institutions without selective admissions.¹³ As a result, colleges level the playing field across students with different socioeconomic backgrounds—often lifting all boats, but sometimes sinking them.¹⁴ The outcomes of students at different institutions reflect the quality of the school not just the backgrounds of their students.¹⁵ Systematic differences in outcomes across schools can be observed in default rates, loan repayment rates, post-college earnings, or callback rates of job applicants.¹⁶

The Federal Government has a responsibility—to students, to their families, and to taxpayers—to sanction or limit aid to poor-performing institutions and programs, and to direct resources to successful programs. To do otherwise is wasteful and unprincipled. Such accountability policies are an appropriate policy response to protect the taxpayers' investments in students, increase the return on human capital investments, and to protect students from economic harm.

Accountability policies were effective in the past. After a crisis in the student loan market in the 1980's, rigorous institutional accountability measures implemented in the early 1990's drove default rates down to the single digits.¹⁷ The imposition of the Cohort Default Rate regulations exposed 1,200 institutions to sanctions, causing the official cohort default rate to plunge from 21.4 percent in 1989 to 10.4 percent in 1995 and 5.6 percent in 1999. Enrollment shifted to better-performing programs, students borrowed less, and default rates declined.¹⁸ More recently, while no pro-

¹⁰ Miller, Ben. (2017). "Who Are Student Loan Defaulters?" The Center for American Progress. <https://www.americanprogress.org/issues/education-postsecondary/reports/2017/12/14/444011/student-loan-defaulters/>.

¹¹ Scott-Clayton, Judith (2018). "The looming student loan default crisis is worse than we thought." Brookings Evidence Speaks Reports, 2(34). <https://www.brookings.edu/research/the-looming-student-loan-default-crisis-is-worse-than-we-thought/>.

¹² Chou, Tiffany, Adam Looney, and Tara Watson. 2017, February. "Measuring Loan Outcomes at Postsecondary Institutions: Cohort Repayment Rates as an Indicator of Student Success and Institutional Accountability." Working Paper 23118, National Bureau of Economic Research, Cambridge, MA. <https://www.nber.org/papers/w23118.pdf>.

¹³ Chou, Tiffany, Adam Looney, and Tara Watson. (2017).

¹⁴ Chetty Raj, Friedman John N., Saez Emmanuel, Turner Nicholas, Yagan Danny. (2017).

¹⁵ Goodman, Joshua, Michael Hurwitz, and Jonathan Smith. 2015, February. "College Access, Initial College Choice and Degree Completion." Working Paper 20996, National Bureau of Economic Research, Cambridge, MA. https://scholar.harvard.edu/files/joshuagoodman/files/jole_preprint.pdf Hoxby, Caroline. (2015). "Computing the Value-Added of American Postsecondary Institutions." IRS-SOI Working Paper. <https://www.irs.gov/pub/irs-soi/15rcompvalueaddpostsecondary.pdf>.

¹⁶ Deming, David J., Noam Yuchtman, Amira Abulafi, Claudia Goldin, and Lawrence F. Katz (2016). "The Value of Postsecondary Credentials in the Labor Market: An Experimental Study." American Economic Review. 106(3): 778–806. https://scholar.harvard.edu/files/ddeming/files/dyagk_audit_final_aer.pdf. Darolia, Rajeev, Cory Koedel, Paco Martorell, Katie Wilson, and Francisco Perez-Arce (2014). "Do Employers Prefer Workers Who Attend For-Profit Colleges? Evidence from a Field Experiment." Rand Working Paper. https://www.rand.org/pubs/working_papers/WR1054.html.

¹⁷ Looney, Adam and Constantine Yannelis (forthcoming). "The Consequences of Student Loan Credit Expansions: Evidence from Three Decades of Default Cycles." https://www.dropbox.com/s/3b80t5b7v5bbdq7/Credit_Expansion.pdf?dl=0.

¹⁸ http://econweb.umd.edu/turner/Cellini_Darolia_Turner_Crowdout.pdf.

grams were sanctioned under the Gainful Employment rule, some institutions closed poor performing programs or changed academic guidelines in anticipation of their effect. Of 767 failing programs, 500 (65 percent) are now closed. About half of those are because the institution itself closed, but more than 200 were selectively closed or changed by their institutions.

Gaps and Weaknesses in the Current Accountability System

But our current accountability system is no longer effective. After enacting effective measures in the early 1990's, Congress subsequently defanged key accountability provisions, like the 85/15 rule, which limited the share of revenues that a for-profit institution could receive from Federal aid programs to 85 percent, and distance learning rules, which prohibited institutions from enrolling more than 50 percent of students in distance (or online) programs. The Gainful Employment rule and other regulations are being eliminated by the current administration. Congress expanded Federal aid eligibility and the amount of aid to new markets, like exclusively online education, and through new or expanded aid programs like graduate and parent PLUS and new GI Bill benefits that fall outside of the oversight of existing accountability systems.¹⁹ Congress also enacted important borrower protections like forbearances, deferments, and income-based repayment plans, which helped struggling students avoid default, but which had the unfortunate unintended consequence of shielding the institutions they attended from accountability under the Cohort Default Rate rules, which bars schools with high default rates from Federal aid eligibility. At many institutions, borrowers still default at high rates, but only after the three-year testing period has ended.²⁰ As more borrowers enroll in income-based plans, default rates will fall—and that's a good thing. But it also means that the Cohort Default Rate rule is increasingly obsolete.

One consequence of the erosion in Federal accountability and recent expansions in aid eligibility is the entry and expansion of low-quality, high-risk institutions, mostly in the for-profit sector, and disproportionately targeting older, non-traditional undergraduate students. A majority of the increase in default rates since 2000 resulted from Federal policies that expanded aid to institutions that would not be eligible previously.²¹ In contrast, student borrowers who attended so-called traditional programs—full-year, full-time undergraduate degree-seeking students at long-established brick-and-mortar public and private non-profit colleges—accumulate modest levels of debt, succeed in the job market, and rarely struggle with their loans.²²

Today's problems also arise from gaps in oversight in other areas of the student loan program—particularly loans to graduate students and to parents of college students. Graduate-school and parent borrowers are exempt from outcome-based accountability rules, like the Cohort Default Rate rules. Such loans now represent more than 45 percent of all new student loan volume.²³ Almost all borrowers with the crippling large loan balances highlighted in the media are either graduate student or parent borrowers.²⁴ While default rates were historically low in these groups, loan performance is deteriorating.

Graduate students' average annual borrowing amount has almost doubled over the past 30 years, more than 20 percent of graduate borrowers entering repayment in 2014 owed more than \$100,000, up from 8 percent in 2000. While borrowers with such large balances are rare, they account for a growing share of all student loans; the 5.5 percent of all borrowers who owe more than \$100,000, owe a third of all student loan debt. While those borrowers rarely default, when they do financial consequences for students and taxpayers are outsized. Borrowers owing more than \$50,000 accounted for almost 30 percent of all dollars in default, but only about 17

¹⁹ Looney, Adam and Constantine Yannelis (forthcoming).

²⁰ Miller, Ben. (2018). "How You Can See Your College's Long-Term Default Rate." The Center for American Progress. <https://www.americanprogress.org/issues/education-postsecondary/news/2018/08/30/457296/can-see-colleges-long-term-default-rate/>.

²¹ Looney, Adam and Constantine Yannelis (forthcoming).

²² Looney, Adam and Constantine Yannelis (2015). "A Crisis in Student Loans? How Changes in the Characteristics of Borrowers and in the Institutions They Attended Contributed to Rising Loan Defaults." Brookings Papers on Economic Activity. <https://www.brookings.edu/bpearticles/-crisis-in-student-loans-how-changes-in-the-characteristics-of-borrowers-and-in-the-institutions-they-attended-contributed-to-rising-loan-defaults/>. Dynarski, Sue. (2016). "Five Myths about Student Loans." <https://drive.google.com/file/d/0B749nZ2pTgGpTE44NlIKRFBxT0U/view>.

²³ Looney, Adam (2017). "The student loan crisis: A look at the data." The Brookings Institution. <https://www.brookings.edu/research/the-student-loan-crisis-a-look-at-the-data/>.

²⁴ Looney, Adam, and Constantine Yannelis. (2018).

percent of student borrowers in 2014. Unlike associate or bachelor's degree students, graduate students pursuing masters, professional or doctoral degrees can take out Federal loans for the entire cost of tuition, fees, books, and living expenses; the college itself decides those costs. Institutions have taken the bait: The University of Pennsylvania offers a master's in "Applied Positive Psychology"—a course with no prerequisites where applications are accepted from anyone with a minimum 3.0 grade point average—for \$66,000; Columbia University offers a \$64,595 online engineering degree, and tuition for USC's online master of social work degree is \$107,484—the same as the on-campus version.²⁵ Few institutions could charge such large amounts or attract students to pay it without uncapped Federal aid.

Enrollment trends suggest new risks in graduate lending. In 1990 1 percent of active graduate borrowers attended for-profit schools. By 2014, the for-profit share of graduate students had increased to 17 percent. Among graduate student borrowers who leave school owing more than \$50,000, the for-profit share increased from 3 percent to 21 percent. Just as for undergraduate education, institutional quality matters, and the variation in graduate borrower outcomes across institutions is just as large as the variation in undergraduate outcomes, suggesting that not all graduate schools or programs lead to successful careers and successful loan repayment.²⁶

For parent borrowers, the story is similar. The average annual borrowing amount for parent borrowers has more than tripled over the last 25 years, from \$5,200 per year in 1990 (adjusted for inflation) to \$16,100 in 2014. Because of increasing borrowing amounts, more parents owe very large balances: 8.8 percent of parent borrowers entering repayment on their last loan in 2014 owed more \$100,000, compared to just 0.4 percent in 2000. Parent default rates have increased and repayment rates have also slowed. Repayment rates have declined with increases in borrowing at for-profit institutions and at minority-serving institutions. Parent borrowers' repayment outcomes vary widely across institutions that students attend, and repayment rates at the worst-performing institutions are alarmingly slow.²⁷ It's not surprising that some parent borrowers struggle; PLUS loans are offered without regard to parents' ability to pay and in uncapped amounts. According to data from the Federal Reserve Bank of New York, the cumulative 8 year default rate among the least credit worthy parent PLUS borrowers exceeds 30 percent. Among Pell-eligible students, 8 percent of their parents take out PLUS loans.²⁸ For the hundreds of thousands of low-income borrowers in these circumstances, the result is near certain financial catastrophe. Because parent borrowers are generally ineligible for the borrower protections and income-based loan plans available to student borrowers, the consequences are severe, especially when borrowers default. In those cases, Federal authorities are required to garnish wages and Social Security benefits and confiscate tax refunds—a particular burden on low- and middle-income families. In 2017, the Treasury offset \$2.8 billion, mostly in tax refunds, for delinquent student-loan debtors including both students and parents.

How to Improve Federal Accountability Policies

All these problems are solvable. Federal accountability policies that focus on student outcomes, encourage success, and sanction institutions and programs that systematically fail their students would improve students' labor-market and financial outcomes, reduce the burden on taxpayers, and retain access to high-quality programs for low-income students.

An institution's repayment rate—defined as the fraction of a cohort's initial loan balance that is repaid within a period of time after leaving school—would be a better indicator of student success, institutional quality, and the return on Federal loan dollars than default-based measures we use now. The repayment rate is practical to measure because the Department of Educational already collects and retains

²⁵ Carey, Kevin. (2019). "The Creeping Capitalist Takeover of Higher Education." Highline, The Huffington Post. <https://www.huffpost.com/highline/article/capitalist-takeover-college/>.

²⁶ Lee, Vivien and Adam Looney. (2018). "Headwinds for graduate student borrowers: Rising balances and slowing repayment rates." The Brookings Institution Report. <https://www.brookings.edu/research/headwinds-for-graduate-student-borrowers-rising-balances-and-slowing-repayment-rates/>.

²⁷ Lee, Vivien and Adam Looney. (2018). "Parents are borrowing more and more to send their kids to college—and many are struggling to repay." The Brookings Institution Report. <https://www.brookings.edu/research/parents-are-borrowing-more-and-more-to-send-their-kids-to-college-and-many-are-struggling-to-repay/>.

²⁸ Fishman, Rachel. (2014). "The Parent Trap. Parent PLUS Loans and Intergenerational Borrowing." New America Education Policy Program. <https://static.newamerica.org/attachments/748-the-parent-trap/Corrected-20140110-ParentTrap.pdf>.

most of the necessary data to measure loan repayment at the institution or program level. The repayment rate is difficult for institutions to game or manipulate. The repayment rate bears a direct relationship to the Federal costs of a loan. And the success students have repaying their loan is a good indicator of their own employment success and of the value of the program, especially when a rising share of students are enrolled in income-based repayment plans. Because successful loan repayment results from the culmination of incremental achievements from completing a valuable degree, finding a job, and earning enough to pay down the loan, it summarizes in a simple way a complex set of inputs.

Early-stage repayment outcomes are highly predictive of long-run loan outcomes. Nearly more than 90 percent of loans that are performing early on will still be performing at Year 15. Similarly, loans that are not being paid down after 3 or 5 years are unlikely to be performing at Year 15. And it's likely that the value of the measured repayment rate could be improved by accounting for in-school or military deferments, or by incorporating anticipated forgiveness under teacher or public sector loan forgiveness programs.

Repayment rates (measured as the percent of a cohort's balance repaid) are closely related to other institutional outcomes of interest. The cohort repayment rate is strongly correlated with existing institutional metrics, including historical default rates, measures of repayment rate used in the College Scorecard, measures of loan burdens like debt-to-earnings ratios, and other outcomes like completion rates, post-college employment and earnings, and the earnings of low-income students. (Note, measures like whether a borrower is simply enrolled in or in good standing in an income-driven plan is not a good indicator of economic success.)

As more students enroll in income-based repayment plans, in which borrowers pay a fixed fraction of their discretionary earnings each month, repayment rates will more closely reflect fundamental economic outcomes like employment, earnings, and accumulated debt burdens. As a result, repayment rates will be a stronger indicator of post-college success and more closely related to debt-to-earnings ratios used as the basis for the Gainful Employment rules.

The repayment rate could form the basis of a range of practical accountability systems. First, it could be used as the basis for simple systems like the Cohort Default Rate rules or the Gainful Employment rules, in which institutions are assessed relative to a threshold or benchmark on a specified outcome metric (e.g., the default rate, the debt-to-earnings ratio, or the repayment rate), and lose eligibility if their performance falls below a minimum level of quality. Such a system could be applied at the institution level, like the Cohort Default Rate Rules, or at the program level with an institutional backstop, as in Gainful Employment. (Because some students separate before selecting a program and because institutions would have incentives to manipulate enrollment in failing programs, an institution-level repayment rate as a backstop is necessary.) The performance benchmark matters, and a lax standard would not encourage institutions to improve student outcomes. Consider the existing Cohort Default Rate system. Only 10 institutions were in danger of failing the standard in 2014; for most schools the rules were irrelevant.²⁹ To be effective, the repayment rate benchmark should be applied at a level that corresponds to real success and which requires institutions to quickly shutter failing programs.

Students not in school or in the military should already be making progress repaying their loans three or five years after leaving school. If they're not, we should not send new students down the same path.

The repayment rate could also be used as the basis for a broader risk-sharing system, in which institutions bear a portion of the financial consequences that students (and taxpayers) face from poor outcomes. In broad terms, risk-sharing proposals identify socially valuable outcomes—as measured by loan repayment or post-college employment—and set targets for schools. If an institution's students fall below target, financial penalties proportional to the failure apply. Some plans would utilize carrots as well as sticks: revenues collected from failing schools would be used to finance bonuses for institutions that exceeded the target. For instance, the funds could be used to provide extra grant support to schools that have a superior record of outcomes for low-income students.³⁰ If institutions were financially liable to reim-

²⁹ Department of Education. (2019). "Official Cohort Default Rates for Schools." <https://www2.ed.gov/offices/OSFAP/defaultmanagement/cdr.html>.

³⁰ Looney, Adam and Tara Watson (2018). "Sharing the Risk: Forcing colleges to assume part of the default tab would motivate schools to better inspire success." *The Milken Review*. <http://>

burse taxpayers for a sizable portion of their students' unpaid loan balances, institutions would have stronger incentives to maximize the long-term financial outcomes of their students.

Such accountability systems could be expanded to incorporate other outcome measures, particularly outcomes associated with financial aid recipients not taking Federal loans, who might otherwise be excluded from accountability oversight. For instance, one could incorporate outcomes like post-? enrollment labor market outcomes or cumulative financial costs. More elaborate systems could provide accountability over grant-funded students and more precisely target low-performing institutions. But they would be more complicated to administer and comply with, and some outcome measures, like educational outcomes or completion, would be harder to administer and easy to manipulate relative to market-based outcomes.

Outcome-based institutional accountability could continue to operate alongside other elements of our existing system, such as an improved 90/10 rule.

To be sure, before adopting a new regime, we first need to solve several unknowns and acknowledge potential short comings. Loan-outcome-based systems don't necessarily provide accountability for institutions that receive Title IV funds but don't participate in loan programs. We need more data and more transparency on student loan outcomes, to understand the properties of repayment metrics, how they vary across colleges, how they would be affected by adjustments for in school or military deferments or for rising enrollment in income-based plans, and how they would affect different demographic groups. Congress and the public should see those data before drawing bright lines. The analysis of a new accountability system should also take into account other features of the current system or other reforms undertaken in HEA reauthorization to forestall unintended consequences or costs. For instance, we should consider incorporating credit for public sector or teacher loan forgiveness programs, so that the loan relief policymakers intend to provide to students also benefit the programs or institutions that lead to public service. We should consider the impact of increased participation in income-based plans on loan outcomes. And it's important that the Congressional Budget Office get the scoring right: Federal loan programs are not uniform monoliths but are comprised of thousands of different institutions and programs with widely varying costs or surpluses depending on the quality and cost of the program and the success borrowers repaying loans after enrollment. Reforms that eliminate poor outcomes should produce substantial budget savings.

Stronger Accountability is Needed Today

A reinvigorated accountability system would have many benefits. Federal oversight and accountability systems have a successful track record of improving student outcomes and reducing waste in Federal aid programs.³¹

Shifting aid eligibility away from the worst-performing institutions and programs to better ones will increase the average earnings and employment of students, and reduce the debt burden of students. For instance, the Department of Education estimated that the gainful employment rule would lead to lifetime earnings gains between \$11 billion and \$36 billion, as programs improve quality and students transfer to better performing programs.³²

As programs close or admissions criteria change, an important concern is that some students could lose access to certain programs. First, lending money to students to attend a program with a demonstrated record of failure does them no service. Second, the evidence suggests that students in sanctioned schools do not lose access to college. Rather, students respond to sanctions by moving on and attending

www.milkenreview.org/articles/sharing-the-risk. Chou, Tiffany, Adam Looney and Tara Watson. (2017). "A Risk-Sharing Proposal for Student Loans." The Hamilton Project Policy Proposal 2017-04, The Brookings Institution. https://www.brookings.edu/wp-content/uploads/2017/04/es_20170426_risk_sharing_proposal_student_loans_pp_chou_looney_watson.pdf.

³¹ Cellini, Stephanie Riegg, Rajeev Darolia, and Lesley Turner (2016). "Where do Students Go When For-Profit Colleges Lose Federal Aid?" NBER Working Paper 22967. http://econweb.umd.edu/turner/Cellini_Darolia_Turner_Crowdout.pdf. Looney, Adam and Constantine Yannelis (forthcoming). Whitman, David (2017). "Truman, Eisenhower, and the First GI Bill Scandal." The Century Foundation. <https://tcf.org/content/report/truman-eisenhower-first-gi-bill-scandal/>. Whitman, David (2017b). "Vietnam Vets and a New Student Loan Program Bring New College Scams." The Century Foundation. <https://tcf.org/content/report/vietnam-vets-new-student-loan-program-bring-new-college-scams/>.

³² Office of Postsecondary Education, Department of Education. Program Integrity: Gainful Employment. 03/25/2014 (79 FR 16632). <https://www.Federalregister.gov/documents/2014/03/25/2014-06000/program-integrity-gainful-employment>.

other, better institutions. We need not ask students to choose between going to college and taking out a loan that they would be unable to repay. During the 1990's, when colleges lost access to Federal student aid due to cohort default rate regulations, enrollment losses in sanctioned institutions were entirely offset by enrollment gains in local public institutions.³³

Today, there are many institutions that offer admission to most or all candidates that lead to good earnings outcomes; many of these serve substantial numbers of low-income students. At "average" American colleges—the ones ranked in the middle (between the 40th and 60th percentiles) based on the post-enrollment earnings of their students in the College Scorecard, 26 percent of student borrowers come from low-income families. Compared to the lowest-ranked 10 percent of schools, low-income borrowers in this middle-opportunity range are 70 percent more likely to earn more than \$25,000 a year, four times as likely to achieve earnings of \$50,000 or more, likely to be making progress repaying their loans. And almost all institutions in this middle range admit more than 75 percent of applicants or are open enrollment.³⁴ Redirecting Federal dollars to those institutions that offer economic mobility to their low-income students would improve student outcomes and protect taxpayers. A well-designed accountability system for Federal aid would do just that.

The CHAIRMAN. Thank you very much.
Dr. McMillan Cottom, welcome.

STATEMENT OF TRESSIE MCMILLAN COTTOM, PH.D., ASSISTANT PROFESSOR OF SOCIOLOGY, VIRGINIA COMMONWEALTH UNIVERSITY (VCU), RICHMOND, VA

Dr. MCMILLAN COTTOM. Thank you. Good morning, Chairman Alexander, Ranking Member Murray, Members of the Committee, including my own Senator. Thank you for the opportunity to address you here today.

I have spent the last 12 to 15 years of my life thinking about, talking about researching and working with students enrolled in the for-profit college sector. And of all of that experience with academic and lived, I have one major take away, and that is that demand for fast, flexible credentials, like those for-profit colleges specialize in, is really about millions of people who despite doing everything right cannot find dignified work that affords them housing, the means to educate their children, and the ability to care for their aging parents because their economic anxiety is so great.

The students I worked with and researched will shoulder almost any cost in dollars and in opportunity for a chance at better quality work. I have worked at two different for-profit colleges. I enrolled hundreds of students. I was very good at my job in part because the students looked so much like me. They were not there to see me about a cosmetology license or a master's degree in IT because we offered the best programs. They were there because they did not have or could not afford child care. They were there because after years in the service, employers suddenly wanted a credential instead of work experience. They were there because working a job with inconsistent schedules made them feel poor in a society that scapegoats poor people. The urgent pain funnel approach at for-profit colleges worked. I worked it, because for some of becoming a student is a one-way ticket out of low expectations, poverty, and social exclusion. And ideally we would regulate the pain funnel and promote social policy that ends the pain it funnels.

³³ Cellini, Stephanie Riegg, Rajeev Darolia, and Lesley Turner (2016).

³⁴ Chou, Tiffany, Adam Looney, and Tara Watson. (2017).

When I asked my research respondents to explain in their own words how they feel about their for-profit colleges, they tell me time and time again that if their schools were so bad, “the Government would not pay for it.” Student loans have become a measure of institutional quality. For a sector that absorbs so much student loan money, for-profit college students are vulnerable to thinking that high cost is high quality, and regulation needs tools for institutional differentiation if the regulation is to matter at all to quality and student outcomes.

Three such protections of note are part of the PROTECT Students Act that would better clarify the definitions of nonprofit and public institutions, that would afford the Federal Government the ability to offer robust review processes when for-profit colleges attempt to convert to nonprofit or public colleges, and which strengthen and expand the incentive compensation band. Non-profit colleges have a strict statutory requirement whereby no part of their net earnings may inure to the benefit of any private shareholder or individual. They must be organized exclusively for charitable purposes and any surpluses must be reinvested back in the institution and students. That difference matters.

This kind of transparency about differentiation is especially crucial for students who do not have the cultural resources for successful college going. Data show that many students do not even know they attend a for-profit college. And whether we think it should matter to their outcomes, the labor market treats those students differently because they have attended a for-profit college. Our accountability triad then must adopt clear definitions of difference because those institutional differences already exist and are already impacting millions of students. Each actor of that triad must also recognize and respond to new forms of for-profit colleges, including those that convert to nonprofits while contracting with for-profit colleges as a provider. Without strict regulation, these new forms of for-profit institutions and partnerships can denigrate the integrity of higher education.

Finally, when their institution fails them, whether by misrepresenting the legality of their degree program or when fiduciary mismanagement puts them out of business, the students I interviewed do not blame their for-profit college. These students blame the very idea of higher education. For millions of people now, a for-profit college is now their only experience of any college.

If college becomes conflated with a scam in the minds of our most vulnerable students, it will be difficult to reorient them to future education or training and that difference I believe matters.

Thank you.

[The prepared statement of Dr. McMillan Cottom follows:]

PREPARED STATEMENT OF TRESSIE MCMILLAN COTTOM

Thank you for the opportunity to address you today. Demand for fast, flexible credentials like those for-profit colleges specialize in is really about millions of people who, despite doing everything right, cannot find dignified work that affords them housing, the means to educate their children and the ability to care for their aging parents. Because their economic anxiety is so great, the students I worked with and research will shoulder almost any cost, in dollars and opportunity, for a chance at better quality work.

I have worked at two different for-profit colleges. I enrolled hundreds of students. I was very good at my job, in part because so many of these colleges' ideal students

looks like me. They were not there to see me about a cosmetology license or a master's degree in IT because we offered the best programs. They were there because they did not have or could not afford childcare. They were there because after years in the service, employers wanted a credential instead of work experience. They were there because working a job with inconsistent schedules made them feel poor in a society that scapegoats poor people. The urgent "pain funnel" approach at for-profit colleges works because, for some of us, becoming a student is a one-way ticket out of low expectations, poverty, and social exclusion. Ideally, we would regulate the pain funnel and promote social policy that ends the pain it funnels.

When I asked my research respondents to explain, in their own words, how they feel about their for-profit colleges, they tell me time and time again that if their schools were so bad, "the government would not pay for it". Student loans have become a measure of institutional quality. For a sector that absorbs so much student loan money, for-profit college students are vulnerable to thinking high-cost IS high quality. Regulation needs tools for institutional differentiation if the regulation is to matter at all to quality and student outcomes.

Three such protections of note are part of Senators Hassan and Durbin's PROTECT Students Act that would better clarify the definitions of "nonprofit" and "public" institutions, for the Federal Government to have a robust review process when for-profit colleges attempt to convert to nonprofit or public colleges, and to strengthen and expand the incentive compensation ban. Nonprofit colleges have a strict statutory requirement whereby "no part of net earnings [may] inure to the benefit of any private shareholder or individual," they must be organized exclusively for charitable purposes, and any surpluses must be reinvested back into the institution and students. The difference matters.

This kind of transparency about differentiation is especially crucial for students who do not have cultural resources for successful college-going. Data show that many students do not know they attend a for-profit college and whether we think it should matter, the labor market treats them differently because they have. Our accountability triad must adopt clear definitions of difference because those differences have already impacted millions of students. Each actor of that triad must also recognize and respond to new forms of for-profit colleges, including those convert to non-profits while contracting with the for-profit college as a provider of academic and recruiting services and for-profits that join in revenue share agreements with not-for-profits. Without strict regulation, these new forms of for-profit institutions and partnerships can denigrate the integrity of higher education.

Finally, when their institution fails them—whether by misrepresenting the legality of their degree program or when fiduciary mismanagement puts them out of business—the students I interview do not blame their for-profit college. These students blame the very idea of higher education. For millions of people, a for-profit college is now their ONLY experience of any college. If college becomes conflated with a "scam" in the minds of our most vulnerable students, it will be difficult to re-orient them to future education or training.

The CHAIRMAN. Thank you very much. Thanks to the four of you. We will now have five minute round of questions. Now I ask Senators to just keep the questions and answers within five minutes please. Dr. Wheelan, when I was Education Secretary in 1992, Congress made some significant changes to the Higher Education Act. I want to ask you about two provisions in it. One is the student achievement standards, pretty simple, gives you that responsibility as an accreditor on the colleges that you accredit. It has been a part of the law since 1992.

Do you think we ought to be fed up? Do you think we ought to be more specific? Will that help in assuring educational outcomes for the institutions? And second, did Congress give your agency and other accreditors jobs to do in the accrediting process that take away from the time that you could spend on educational quality?

Dr. WHEELAN. Thank you for your question, Senator. Beefing up standards, the adage the devil is in the details is what concerns me. I think as long as accreditors working with institutions can determine what those achievement levels are then we are fine. When

we start determining outside the higher education system and are not sure what all goes into it, looking at IPEDS, for example, having only first time, full-time students there is a lot that goes into it. Hunger of students, family life of students, keeps them often times from graduating on time. So, when we are starting to look at graduation rates, when the Feds start identifying a specific number, it gets a little murky because I do not think all the circumstances. So, I would like for us to keep that as an accreditation—

The CHAIRMAN. Well I guess what I am thinking more about is, is there any way we should or could say to you and other accreditors, we are really concerned about educational outcomes. We want to make sure that college is worth it. Can we say anything to you in language other than two words, student achievement, that sends that signal? And can we reduce some other duties that we have imposed on you so that you can spend more time on educational outcome?

Dr. WHEELAN. I think those two words have resounded largely. For the 46 years I have been in higher Ed, we have been focusing on access, and now we understand the need to focus on student success, and so when we are looking at student achievement, all of our institutions have identified a plethora of potential outcomes, not just graduation rates, but moving from developmental into college level courses, for example, as a possible outcome. So no, I think that those two words are sufficient. If there is anything that you could take away from us, I think giving us some relief on the substance of changes regulations, for example, some of those requirements get in the way of us participating with our institutions that really need some help. Otherwise, I feel we have the flexibility.

The CHAIRMAN. Senator Murray talked about risk-based accreditation. Do you have the flexibility to spend more time, say, on a for-profit college that might be in trouble and less time on Harvard?

Dr. WHEELAN. Harvard is not my institution, but yes—

The CHAIRMAN. Well, let us say Emory.

Dr. WHEELAN. Emory. Yes, we do. We already have that flexibility and we are already utilizing it.

The CHAIRMAN. Do you do that?

Dr. WHEELAN. We do. We have put in—I put in what we call the small college initiative to identify institutions with 2,000 full-time equivalent students or fewer to help them individually look at our requirements and what is required, giving them best practices of other institutions so that they know that.

The CHAIRMAN. But what about institutions that persistently seem to have quality trouble as compared to institutions which persistently are considered not to be in trouble from a quality point of view. Can you spend a lot less time on the latter and more time on the former?

Dr. WHEELAN. I do not know that we have to. We are already addressing the needs of those particular institutions. We have lost fewer institutions and we have—when you look at our outcomes, for example, when a committee initially goes in to review an institution, there may be as many as 40 non-compliance issues, but be-

cause of the continuous improvement process even through reaffirmation, they are down to like 12 by the time they get to the Board for action.

The CHAIRMAN. But still, you feel you have the flexibility—

Dr. WHEELAN. Yes, we do.

The CHAIRMAN [continuing]. To spend less time on Vanderbilt and more time on for-profit schools with trouble?

Dr. WHEELAN. Yes. I think it is already there for us.

The CHAIRMAN. Dr. Looney, I only have 40 seconds, but can you summarize whether you think low-income students would be hurt or helped if we measured whether students are actually paying back their loans as a way to hold schools accountable?

Dr. LOONEY. Well, I think we do low income borrowers no service by sending them to programs with demonstrated records of failure, where they cannot repay their loans. I think if we used measures of repayment, that would provide a stronger signal of how they are faring after they leave school, is more reflective of whether they get a job and their earnings. So, I think it would be better. And the historical evidence is that when we close low quality programs, students do not lose access to college, they lose access to low quality schools and they move on to stronger and better institutions.

The CHAIRMAN. In your testimony you said, measuring whether students are actually repaying their loans is a more accurate measurement than the cohort default rate?

Dr. LOONEY. I think today there are many people who are not paying their loans, but not defaulting.

The CHAIRMAN. Right.

Dr. LOONEY. Programs like income based repayment. So, I think that there is a stronger signal from whether people are repaying their loans in the amounts that they repay.

The CHAIRMAN. And that signal would help low-income students rather than hurt them by giving a signal to them that that is a place they might be careful about.

Dr. LOONEY. The institutions with better repayment rates have stronger student outcomes and we should use that as the basis for our accountability systems.

The CHAIRMAN. Thank you.

Senator Murray.

Senator MURRAY. Thank you, Mr. Chairman. First, I would like to submit the following testimony from Thomas Corvette for the record.

The CHAIRMAN. So, ordered.

Senator MURRAY. Thank you. Thank you all for your testimony today. Dr. Tandberg let me start with you. Thank you for your focus on protecting and strengthening the higher education triad between Federal Government, states, and accrediting agencies.

In your testimony you described a fair amount of variation in authorization procedures across states. I agree procedures for state authorization should be oriented toward quality assurance, improvement, and consumer protection, including for online programs that enroll students across many different states in the United States.

Can you elaborate for us on what actions Congress should take in reauthorizing HEA to strengthen the role of states in evaluating

quality and providing adequate oversight, particularly for the on-line programs?

Dr. TANDBERG. Thank you for your question. There does exist significant variation between the states when it comes to state authorization, and personally I feel that there are some baseline items that ought to be looked at when states are looking to authorize or reauthorize an institution, and that means a focus on quality outcomes, do the institutions have the resources to meet those outcomes, are there sufficient consumer protections built into the requirements that the states have for the institutions and that the institutions have themselves, that there is resources for students and the like.

I think that the Federal Government could encourage such items. I think it is a conversation that is way past due. It is a conversation that ought to engage accreditors also. One thing came out of the recent negotiated rulemaking, where I was a member of the negotiating committee, is that SHEEO, my organization, committed to convene NC-SARA, ACE, authorizers consumer protection organizations, to look at how we can do a better job in our authorization of distance education programs. NC-SARA certainly has come under criticism from certain quarters.

I think that criticism was heard. It was definitely amplified through the negotiated rulemaking process, and so we are committed to coming up with new ways of ensuring that we protect students that are in distance education programs, and that they have appropriate recourse when those programs fail.

Senator MURRAY. Okay. Thank you for that.

The CHAIRMAN. Maybe you say what NC-SARA is, so we know what we are talking about.

Senator MURRAY. I was going to say, higher education uses more alphabet soup than anybody else and you are part of that, so I am just going to tell you.

[Laughter.]

Dr. TANDBERG. It is so easy to slip into that alphabet soup, and I apologize. NC-SARA is the organization that developed, once it became required that a distance education program be authorized by every state where a student is located, and so it is a reciprocity agreement where if an institution meets the requirements of a state authorizer in the requirements of NC-SARA, then that institution is authorized in every other state that participates, which is currently 49 states.

Senator MURRAY. All right. Okay, Dr. Looney thank you. I really appreciated your testimony on the historical effectiveness of higher education accountability policies, and I also appreciated your comments that an outcome-based institutional accountability system could continue to operate alongside other elements of our existing system like an improved 90–10 rule.

Your testimony highlights the need for institution level measures in a Federal accountability system, particularly how any program level accountability metric must have an institutional backstop. Can you elaborate for us on the incentives institutions might face to manipulate metrics have done only at a program level?

Dr. LOONEY. Sure, so I think as you said that there is an intuitive appeal to doing it at the program level, but I think you would

have to have an institutional backstop. For instance, students who are not enrolled in a program, or who have not completed a program, might not be captured by a program level metric. That is what happened with the gainful employment rule. Alternatively, you do not want to have a system where you try to measure outcomes at the program level and institutions close their drama program and open a theater program. And you can have a system where no programs fail but many students fail.

I think there is an intuitive appeal to have and use a program level measure for instance for completers, but then also to have a catch-all institutional backstop, which would make sure that schools are not gaming the rules for instance, or that non-completers were being incorporated into the outcomes.

Senator MURRAY. Okay. And can you just elaborate on your comment that policymakers should better understand repayment rate data before drawing bright lines?

Dr. LOONEY. Sure. I mean having participate in the college score card, I think, that when you open up a new data base for the first time and you design new metrics for the first time, it is important to see how they affect different groups, as a general rule. When it comes to repayment rates in particular, this is a changing time in terms of how students repay their loans.

For instance, we have new income-based repayment plans. We have public sector loan forgiveness, and so I would want to examine how policies like that affect repayment rates. Just to give an example, I think that it would—I would be concerned that some institutions might have low repayment rates but were providing a good quality education, but you might not see that because their students were still enrolled in graduate education or participating in public sector service or had been historically in the wrong repayment plan.

I think you want to make sure that you were measuring things right, and that the repayment rates that you used going forward were the ones that were designed appropriately.

Senator MURRAY. Okay, thank you. Thank you very much, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Murray.

Senator Braun.

Senator BRAUN. Thank you, Mr. Chairman. In the State of Indiana, I was on the Education committee as a state rep for one year. But the 3 years I spent there and was on a school board 10 years prior to that, spent half an hour to 45 minutes with a President Daniels at Purdue here a few weeks ago. The biggest thing we grappled with there is the fact that through our 4 year institutions, publicly supported and in total, we ship out twice as many degrees as we use within the State of Indiana. We have 80,000 jobs roughly. I think we have got 80 or so in my own company, 800 in my county that need one, two-year degrees or maybe a better high school curriculum. The other thing I want to point out is that I think for most families across the Nation, health care and education are the two most important things. Ironically, those are also the two things that are going up most in cost per year.

I think post-secondary education just claimed the notoriety of eclipsing, the cost of health care. Poor outcomes, which were men-

tioned earlier, high costs, wanting to have the accountability to hold all that doing in general. I want to focus on, and I will ask Dr. Wheelan this question. When it comes to the amount of effort, accountability and so forth that is being put into four-year degrees across the country, and for one of the reasons of bringing the cost down and maybe, I know in our state, guidance counselors and this whole effort of getting people directed into the right program, is probably the thing we are doing most poorly.

Would love to hear your opinion on kind of how CTEs, one, two-year degrees, even better high school curriculums, are we paying enough attention there and giving it the accountability and the accreditation, it needs for almost all the jobs we have unfilled that would actually pay more starting and through career wages than almost half of the degrees that we are generating that we do not even use in our state.

Dr. WHEELAN. Thank you for your question, Senator. Thanks to the 28 years at community colleges, I can say, of course, definitely. We just got a grant from Lumina foundation in my region to look at credentialing, and how many of our institutions are actually taking industry-based credentials and applying them to college degrees. And I think you are finding more and more of that every day.

All of our colleges and institutions—colleges and universities understand the need to get people into the workforce but we want them to be able to do more than just turn a widget. We want them to be able to give a presentation orally. We want them to be able to work independently, to analyze things.

Those general education requirements going into that, that is one of the downsides of traditional one year programs, and so now faculty are working across the institution. There is a novel concept that teaching English and Math in a CTE course can work, and it does. And I think we are seeing more and more the importance of that, institutions working toward that.

Senator BRAUN. Any other panelist want to comment on it?

[No response.]

Senator BRAUN. Good enough. And I just want to emphasize again, for most of us and I think Indiana is probably not sitting there by itself, and when I spoke up about this very issue as a member of the Education committee, my brother was the Department of Workforce Development Director and had to match high demand, high-wage jobs with the marketplace. I made that point that we overemphasize four-year degrees, creating a lot of degrees that are not marketable and I really wish we paid more attention to that because it lowers costs and actually produces more degrees that we, as employers, need.

Dr. WHEELAN. I think even the dual enrollment programs are growing in the CTE areas as well because institutions on the college side are understanding the significance of getting people in the workforce.

Dr. TANDBERG. One comment I will make on that, which I really appreciate the points that you brought up. It is something that we pay quite a bit of attention to at SHEEO, and one project that we were involved in is helping states match their student level data systems to their workforce data systems, the data systems that would have

been managed by your brother. And in doing that, we can look at things like employment outcomes by degree program and ensure that all of them are leading to outcomes that would benefit their students going forward after they graduate.

In particular we need to pay attention to those shorter-term programs like certificates and short-term certificates. Many of those will lead to wage outcomes that are better than longer term ones. But others are no better than a high-school diploma and those are ones we ought to be really concerned about because students go into debt even for short-term programs, and if there is no payoff, then we ought to be looking to direct them to more rewarding programs.

Senator BRAUN. Good point. Thank you.

The CHAIRMAN. Thank you, Senator Braun.

Senator Murphy.

Senator MURPHY. Thank you very much, Mr. Chairman. Senator Braun, to your point, this idea of four-year degrees, is an arbitrary number, 120 credits. We made this decision that we have stuck with 100 years that you need to go to college for this number of hours, for these many years in order to get that degree, and employers tell us that they want skills, right. They want people who are ready to work and that comes in a variety of forms and manners.

I think you are on the right track. And I think that this conversation about holding colleges to a standard of performance is all about stimulating the kind of innovation that we so badly, desperately need in higher education, because there seems to me to be a trade that if you have a nationwide standard where we are expecting everybody to deliver student outcomes where folks can get a job and be able to pay back their loans, then maybe, we can take the pressure off of schools in the ways that we micromanage them about how they deliver those degrees. And so, I think there is a real opportunity here to recognize what we have not been testing as a means to provide some more innovation.

The honest, assessment of the current accountability system is that we are really not holding schools accountable for performance. I love our accreditors but, less than 1 percent of schools lose their accreditation on an annual basis, despite the fact that you have \$400 million dollars going out to schools that have loan default, cohort rates of 30 to 40 percent. We similarly only sanctioned less than 1 percent of schools under Title IV. And so, there is a tiny percentage of schools that are ultimately feeling real heat on performance and a vast over-regulation of schools and lots of other factors.

We frankly have not even talked about one of the most important regulators here and that is U.S. News and World Report. I spent way more time talking to my college presidents about how they are going to move up the rankings on U.S. News & World Report than I spend talking to them about how they are going to, pass their next accreditors' test. So, we have a lot of stuff that we ask schools to do and we could simplify our accountability system, focus on performance for everybody, and I think that would end up stimulating a lot of innovation.

I would argue that we should still keep some additional heat on the for-profits, but that does not have to be mutually exclusive from a higher standard for everybody else. Dr. Tandberg let me put that question to you. I guess to see what you think about this idea that if you had a stronger sense that schools really had to meet a performance standard that was much more meaningful than what we have today, and that was applied across the board, do you think that would be a means to try to get at what Senator Braun's is talking about? It would give us a little bit more confidence that innovation can be protected and channeled in the right way?

Dr. TANDBERG. I mean you are hitting at just such an important issue, and there is certainly a lot of debate out there in regards to what you are talking about. I certainly agree that there are better metrics. The repayment rate absolutely would perform in accomplishing the goals that you outlined much better than the default rate. My concern is this. The experience at the state level with performance funding, right, is that if there isn't explicit attention to underrepresented students, students of color and low-income students, an accountability program will most likely hurt them.

Senator MURPHY. Correct.

Dr. TANDBERG. Okay. And so, in anything that the Federal Government does, specific and explicit accounting for those students must be included. And you can go beyond higher education in the history of our country. If we are not explicit about under-represented, under-resourced individuals, they get hurt.

Senator MURPHY. Totally agree. You have got to have some filter here to make sure that you do not get adverse consequences. I want to fit in one last question for you, Dr. Wheelan. And that is just to push back a little bit on this idea that we should leave accountability to a conversation between accreditors and the institutions themselves. You testified that currently you require institutions to identify at least one student completion indicator. I would have loved as a student if I got to determine how I was graded because I would just come up with ways in which I could get the highest grade.

Why should we leave it up to schools to determine how completion or performance is assessed? Why shouldn't we have one metric that is National in scope so that students can compare apples to apples and understand that the schools themselves may ultimately not be the best judges of their own performance?

Dr. WHEELAN. Yes, I think that identification—

The CHAIRMAN. I want you to take the time you need to answer that question. That is an important question.

Dr. WHEELAN. Thank you. The metric of student achievement is the metric—the level of that performance is what I am concerned about because all institutions are not the same. All student body are not the same. If I put in a 40 percent graduation rate right now as the baseline for all of my institutions, half of my institutions would not be accredited. And they would lose membership and we would not be educating anybody in those career and technical programs you talked about, because many of those students take forever to graduate and it is just not accounted for when you look at that.

These programs that are one-year, two-year programs often will take two, three, and four years because students are going part-time. So, I am concerned that if you put in that bright line of a 40 percent, you are going to hurt the very institutions that you are trying to keep in business to educate students who go into the workforce.

Senator MURPHY. An important distinction you are making. Thank you very much.

The CHAIRMAN. Thank you very much, Senator Murphy.

Senator Cassidy.

Senator CASSIDY. Thank you all. By the way, thank you to the Chairman and the Ranking Member because we have had several hearings over the last three or four years on college affordability. This is the latest but thank you for that. A big issue and you all have addressed it forth rightly.

That said, let me first speak to a bill called the College Transparency Act, which Senators Cassidy, Scott, Warren, Whitehouse, and 15 other bipartisan Senators as well as a bipartisan group of House members have introduced that will leverage existing data on student outcomes providing students, parents, and policymakers with the information necessary to make important decisions about post-secondary education. And I would also like to point out that we have 160 organizations that are supporting this. I ask unanimous consent to introduce this into the record.

The CHAIRMAN. So, ordered.

[The following information can be found on page 62 in Additional Material]

Senator CASSIDY. I think it addresses several of the things that we have here. First Dr. Wheelan, fellow LSU Tiger so, good to have you here—

Dr. WHEELAN. Thank you.

Senator CASSIDY. Of course, if I had any merits to give you, I would get them all.

[Laughter.]

Dr. WHEELAN. Thank you.

Senator CASSIDY. But one thing that we do with our—something you just said. One thing we do with our College Transparency Act is we follow kids across institutions. Somebody once pointed out President Obama started at one place, ended up at Yale. The first place would have been deemed for not having a graduate because he went on to Yale. That is clearly unfair. So that said, we do address that in the College Transparency Act. Dr. Looney, yes or question. Are you related to Joe Don?

Dr. LOONEY. No.

Senator CASSIDY. Joe Don—for people who do not know, Joe Don was considered the most un-coachable NFL player ever.

[Laughter.]

Senator CASSIDY. He is a legend in the NFL and so. That said, in the College Transparency Act, what we do is—a way to describe it, if someone looks in the mirror, whatever he or she looks like, they would get information both on the program in which they enroll and the institution in general as to graduation rates, loan rates, and the amount of income-after-they-graduate rate. And as I mentioned, it would track across institutions.

Now it seems like this would be, if you will, a fourth triad fourth, a fourth member—it would be a quadrad of accountability because it would not be the student able to look in the mirror and they look on the web to see whether or not she or he would do well at a certain program at a certain school. Any first thoughts about that?

Dr. LOONEY. Thank you, Senator. So, first of all I think that kind of product is something that we do need. I think there is too little information that students have without their likelihood of success in different institutions. We try to provide some of that in the college scorecard, but it is certainly something that could be improved. I also think that the matching problem or the assessment of what programs I should look, or what schools I should look at is an important one we spend too little time on.

Now, I do think that there are programs and institutions that provide opportunity to everybody and that more students should enroll in those programs, but I think people end up making poor choices, sometimes because they are not informed of what the basic options are.

Senator CASSIDY. This is better informed? Dr. McMillan Cottom, I thought what you pointed out was very significant. That someone who is lower-income may end up going to a place that wouldn't best serve their need, but I do know in Doctor—I noted in Dr. Looney, maybe Dr. Tandberg's testimony, the statement that it is not the student, it is the institution. And if the lower-income students goes to the right school, then she or he ends up in the same place as a higher income student in terms of future income.

Again, going to our College Transparency Act where somebody looks in the mirror, whatever I look like, this is my success rate at this institution. Again, your thoughts as to how that would address that which you spoke of lower income students being misinformed regarding their best opportunity for advancement.

Dr. MCMILLAN COTTOM. Yes, thank you very much for the questioning and it is a very good one that gets at several of the complexities of what we try to do when we try to use higher education to improve social mobility for the students who have the least amount of social mobility which many of us have continued to sort of put forth here as a critical concern and interest of any public investment in higher education.

The problem—the complicated issue with information is that it is both a good thing and it is not a sufficient thing. And so, my experience of working with students as they try to choose among what institution to attend in a highly differentiated field of higher education that is only differentiating further is that there is only so much that information symmetry can do to overcome this sort of practical constraints—

Senator CASSIDY. Now we should not let perfect be the enemy of the good—

Dr. MCMILLAN COTTOM. No. I would not think that. No, absolutely not. It should not be the enemy of the good, but it should also have its context, which is to say that there is a great deal that information symmetry can do. But for example, knowing about the default rates or the repayment rates of a student will not always tell us the complexities of why some students have a harder time repaying as opposed to others. For example, it is harder for us to

parse out labor market discrimination, etc., that gets wrapped up in one's ability to repay. And we have those same sort of problems with information overall.

It is wonderful to have program level information. It is even better to have information about what your experience might be at a school, but it is critical that information be pegged to the types of student characteristics that the student is bringing to the institution.

Senator CASSIDY. CTA does that. I yield back. Thank you.

The CHAIRMAN. Thanks, Senator Cassidy. Senator Kaine is next but he has deferred to Senator Warren.

[Laughter.]

Senator KAINE. Well I will find some—we were Alphonse and Gaston over here, so we are trading back and forth. Thank you.

Senator WARREN. That is right.

The CHAIRMAN. Senator Kaine.

Senator KAINE. Dr. McMillan Cottom, in your opening comments, you talked about the weaknesses of the Higher Ed system are often driven by, and I am using a quote from your written testimony, “the millions of people who despite doing everything right, cannot find dignified work that affords them housing, the means to educate their children, the ability to care for their aging parents. Because their economic anxiety is so great, the students I worked with and research will shoulder almost any cost, in dollars and opportunity, for a chance at better quality work.”

This is a hearing that is about sort of accountability and ways to protect students and taxpayers but that comment actually goes much broader and is were rewriting The Higher Education Act we ought to be looking much broader. We ought to be looking at the way to reauthorize Higher Ed knowing that we might not do it again for another decade that will really, provide pathways for all kinds of students, especially underrepresented students or adult workers who need to come back to get additional skills to find that kind of dignified work.

I am interested if you would want to offer broader thoughts to the Committee about the way we should approach the HA reauthorization to get at that root problem that you described.

Dr. MCMILLAN COTTOM. Absolutely. I think that there are a couple of things. I think accountability in any point in time has to account for the higher education system that we have presently, right, and ideally will also take into account the changes that are happening so that we are regulating for the system we have and the one that seems to be emerging. And the importance of doing so is most important for the students that we need institutions to be most accountable to. That is just the takeaway.

The accountability questions while there are interesting aspects of it, for example, about mismatches between the types of credentials being provided and the labor market needs, that is really embedded in a larger question about whether or not students can afford to take on the risk of attending certain types of institutions. And that risk does change based on who the students are and what type of institutions they attend. And that risk-based assessment is probably more important now than it has been previously because the institutional field has become so complicated.

When it becomes complicated, the reality for students is that they are not often choosing between comparable programs. They are choosing amongst the programs that will one, accept them, and two, the ones that will fit into their complicated lives, that will allow them to both work and to go to school, to do childcare and to go to school, and those practical choices can override the intent of other forms of accountability.

Ideally what that accountability would do, it would encourage sort of greater public interest in whether or not those institutions are suitably high-quality enough. So that looks like revisiting the 90–10 rule, in my opinion, to reconsider how much wider investment there should be in different kinds of institutions. If an institution is not good enough for the sort of open marketplace of students to choose that when they have other choices, then it probably is not good enough for the students who only have that one choice.

Encouraging greater investment in those institutions as one of the sort of indirect measures of quality is one of those measures of accountability that doesn't directly fall under sort of accreditation or under state guidance but is one of the ways I think that the Federal Government can signal what we should be considering when we think about accountability. And then I also think that it continues to be important for us to signal what the definitions of institutions mean when there are increasingly more types of institutions.

The students who are making difficult choices are also making them quickly and they are making them urgently, whether the process forces them to or not. It is the urgency of their circumstances, and so when they have a clear language to make a comparison among institutions, that can only benefit the students who need that sort of benefit the most. And so those are the kinds of things that I would hope accountability in The Higher Education Reauthorization Act would think about. What kind of higher education ecosystem we have currently.

Senator KAINE. Thank you for that. Let me ask the entire panel and this might have come up when I was at the Foreign Relations committee meeting, but should we be adjusting the 90–10 rule with respect to veterans? I run into veterans all the time who I think are very poorly served by predatory marketing practices to take courses in for-profit colleges and then they often find—I just was talking to a veteran at a farmers' market. Actually, not a veteran. A member the Virginia reserves just returned from Afghanistan two Saturdays ago and he was telling me his story of woe about using GI bill benefits at a for-profit college that went belly up.

Now he is at another for-profit college, and the warning signs are going off in my head as I am hearing him tell these stories. The fact that the 90–10 rule does not include VA, a GI bill or veterans' educational benefits in the calculation is something that I think leads them to really target vets. Should we make an adjustment to that rule?

Dr. LOONEY. I mean so an observation is when we changed the 85–15 rule to the 90–10 rule in the late 90's that led to a surge enrollment at schools that had previously been bound by the rule. Something like a million more additional borrowers and several hundred thousand new defaults as a result. And then after the ex-

pansion of GI Bill benefits, which reduced the stringency of that rule even further, there was even larger enrollment in those programs. And so, I think that rule had historically protected taxpayers and students in those circumstances and it has a sound theoretical rationale and practical purpose.

Senator KAINE. Thank you. I am over my time. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Kaine.

Senator Warren.

Senator WARREN. Thank you, Mr. Chairman. Dr. McMillan Cottom, you have written extensively about the rise in for-profit colleges and what that rise says about the economy, about the labor market, and about racial and economic inequality. For example, we know that students at for-profit colleges tend to be lower income. They are more likely to be women. They are more likely to be people of color.

Now you hear that and that would suggest that for-profit colleges have done a fantastic job of targeting these populations and making money off the structural inequalities in our society. So, let me ask the question this way, from your research and from your time working in for-profit colleges, have you seen any evidence that for-profit colleges broadly reduce inequality or help women or help people of color get ahead in our economy and build wealth?

Dr. MCMILLAN COTTOM. Thank you very much for that question. It is the question that goes at the heart of everything that I do, so thank you Senator Warren. I would say to you that if that were the case, I would not have spent my last 15 years writing about the for-profit college sector, right. It would have been doing this thing that I think higher education opportunity and the opportunity structure is supposed to do, which is to increase access but access for a higher purpose which is eventual persistence and completion and mobility.

If there is any dimension, I mean, there is a level of disaggregation of the data where you can always show that there is a person—and I think it is important for us to note is that there are people, individuals, who get a credential and it ends up furthering for example their teaching job, etc. but we don't measure educational outcomes in that way for a very good reason when we talk about inequality. We tend to talk about groups of people because that does matter for the effectiveness of how we target our social policy interventions.

At that level, the only thing from my understanding of all of the data and all of my research that for-profit colleges have ever innovated is access. It is enrollment, right. None of that innovation has trickled out to, on any measure that I am aware of, program quality or any of the other student outcome levels that we care about. And so, if the point was only to expand access to college then perhaps but that was never the intent of access. Access is always supposed to serve the greater good of completion and mobility.

By that measure, for-profit colleges have done a particularly bad job of doing that for the students who needed that opportunity the most. I would say women and women of color in particular are damaged by that.

Senator WARREN. Thank you. You have also written about what turbocharge, the rapid growth of for-profit over the past couple of decades, wall street, that wall street investors and shareholders are always on the prowl for the next moneymaker realized that for-profit colleges were a gold mine because in our system of weak accountability, which Dr. Looney was referring to just a minute ago, as long as they kept enrolling more and more students, especially low-income students, more and more Federal Aid dollars would flow straight in their pockets.

Since for-profit colleges are by definition the only colleges allowed to make gobs of money that can be pulled out of the school and distributed the owners, to shareholders, and to wall street investors without strong Federal accountability, what market incentives do for-profits have to deliver a high-quality education at a low price?

Dr. MCMILLAN COTTOM. At a low price. Well—
[Laughter.]

Dr. MCMILLAN COTTOM. You did complicate the question, Senator Warren. So, there is a market incentive to be fair, that students can vote with your feet, is what we say. That if students do not get a good education that they can just not enroll and that is supposed to be the market feedback loop. That again takes for granted that those students have other choices. So, one thing that I have learned is that poor students and women and women of color have gotten the message.

We have done a wonderful job of the last 25 years of a public messaging campaign that says that everyone needs to go to college. That everyone needs some post-secondary education. It has been extremely successful. What has been less successful is that we have not met the success of that message with a plethora of high-quality institutional choices for all students. And so, in the gap, what happens is that the market takes advantage of the fact that our messaging takes care of a lot of the quality branding problems for higher education for for-profit colleges, and so that students voting with the feet option is not nearly as practical as perhaps we would like for it to be.

Other than the student voting with your feet, the market does not have many incentives to offer for keeping cost low because the point is to maximize of course the difference between the cost of instruction and the price of tuition, and so there are not many.

Senator WARREN. I appreciate that. I just want to say, Mr. Chairman, I really worry that we have got this entirely backward. We tell people, especially women, low-income people, people of color, that the only way to get ahead is a college diploma. We watch accreditors rubber-stamp the schools that are giving out these degrees. We pour billions of dollars in Federal money into those schools no matter how poorly they educate their students. And then we let wall street get in on the gravy train by raking in the cash from these outfits.

We ultimately ask for money back with interest not from colleges, not from the employers, but from the students with no regard to whether or not they got a return on their investment. And that just seems fundamentally wrong to me. Thank you.

The CHAIRMAN. Thank you, Senator Warren.

Senator Smith.

Senator SMITH. Thank you, Chairman Alexander and Ranking Member Murray, and Chairman Alexander I want to say that I really—the reauthorization of the higher education bill I think is some of the most important work that I know I will be able to be involved in this year. And the focus today on accountability along with the work that we need to do around access and affordability, and also the great hearing we had just last week around campus safety, I think all of those together are just very important work.

Much on my mind right now is a situation that we had in Minnesota, which has just been devastating to people, which is the collapse, the nationwide collapse of Argosy University. A thousand students in Minnesota who the lights just went out and I just want to take a moment to read a little bit of an email from a woman who sent a message to me that kind of dramatizes this, she says, her name is Sarah, she says, I have worked very hard for the last seven years to take my doctorate. She was getting a Clinical Psychology Ph.D., I was a single mother on welfare, working part-time, and attending school full-time during my undergraduate education. I had a 65 to 85 hour week between school and work, that she was, processing. During my masters, I worked full-time and took my master's at the time and had to graduate quicker. I entered my program bright-eyed and bushy-tailed because this was the final chapter of my education.

She worked to get a 4.0 last semester, and then for no fault of her own, the school disappears, literally. It disappears, and as you said, Dr. McMillan Cottom, she was doing what people told her to do which was to build a better life for herself and her family by pursuing a higher education. So, my question is, does our accountability system do enough to protect students from institutions like this that are at high risk of closing so abruptly?

Dr. MCMILLAN COTTOM. I mean the simple question is certainly not as well as I wish that we did. I have spent the last couple of months also doing research by following students as they go through a failed school, and I am talking to students and administrators in communities very much like your own, Senator Smith.

It is really a message, I think, for us about being very careful about how we talk about how easy it should be to close a school. We absolutely want strong accountability to hold schools to account and there are some institutions where the risk is just so high that we may want to consider a form of accountability that makes it impossible for them to prey upon students but as some of the fellow witnesses have stated, accreditation and accountability, if it gets it right, has good institutions who are doing good work for students, stay in business to do it better and to improve but to stay in business, precisely because of the cases that we see of the failed for-profit colleges. It is a test case of what happens to students, and to administrators, and to communities when schools fail. And there is an economic cost of that failure. They have taken on a student loan debt but they have also taken on extreme opportunity cost. I have the students who changed their work schedules and change their child care schedules to allow them to be in school, and those things cannot be recouped.

The consequences of not being able to recoup those expenses are not equally borne. For some people, staying enrolled in school is how they stay qualified for means-tested child subsidy, for example, and you cannot just go and enroll in school the next week when your school closed last week. So, what do you do for child care in the meantime. I have these women who say to me, how am I supposed to pay for my child care when I count I now can't meet my student enrollment criteria to keep my child subsidies.

The consequences are not just economic, they are opportunity cost, but they are also deep emotional and mental cost of the time and investment that someone has invested institution. When higher education institutions are held accountable, they should be fundamentally stable because a stable higher education institution is one that our most vulnerable students can rely on and can count on to be there when they need them.

Senator SMITH. You are saying that the issue of accountability is not only at the back end, but it is all the way through.

Dr. McMILLAN COTTOM. Correct.

Senator SMITH. Because you want to make sure that these schools are held accountable. So, what, and I am almost out of time but I really—to understand like what that accountability would look like for these institutions that just frankly have a different organizational structure than community and technical college or, a public university. How do we, get that accountability built in all the way through the process?

Dr. LOONEY. Can I make one observation is that Argosy had a negative repayment rate for 5 years so students after leaving school owed more for several years afterwards than they did when they left. And I think it was accredited until the day it closed, might still be accredited.

Senator SMITH. Right.

Dr. LOONEY. It seems like on many fronts there was a failure of accountability in that case.

Senator SMITH. Dr. Tandberg. I know I am out of time.

Dr. TANDBERG. May I? Okay. One thing that I think often that happens in the Federal policy world is that it is easy to think that the Federal policy world is the universe of the policy world and when it comes to our public institutions, the much bigger player is our states.

Around our community college there is a huge regulatory, policy, accountability framework umbrella over them that just doesn't exist for the for-profit institutions, and so we often think about well should this Federal policy apply to the community colleges, and maybe but the fact of the matter is on a day-to-day basis there is direct interaction with our community colleges and our public institutions where we ensure that they are acting in the best interest of students.

That does not exist at all in the same way when it comes to our for-profit institutions and that is where states, we need to look at what we can do different, but it makes sense for special attention to be paid from the Federal level to the for-profit institutions because counting everything, they operate in a much freer regulatory space than any other public institutions do because of the state action.

Senator SMITH. Thank you very much. Thank you, Chairman.

The CHAIRMAN. Thank you, Senator Smith.

Senator HASSAN.

Senator HASSAN. Well thank you, Mr. Chairman and Ranking Member Murray for having this hearing. And thank you to all the witnesses for being here. As we work to reauthorize The Higher Education Act it is really important that we expand consumer protections for students and ensure that all higher education institutions work to expand student and improve outcomes.

Higher education has always been one of the greatest entry points to the middle class and economic success, and as I think all of you have touched on, it is our job to make sure that promise does not slip away. So that is why I introduced the PROTECT Students Act with Senator Durbin. This bill would provide basic consumer protections for students and strengthen Federal oversight of the for-profit higher-education sector, a sector that has had problems time and again with its abuse of taxpayer dollars, dollars that are intended to support students. So, a couple of questions for you, Dr. McMillan Cottom given your experience and research in this area.

Something that has been of grave concern to me is the increasing number of for-profit higher education institutions converting to not-for-profit status. The current process for for-profit institutions to convert to not-for-profit status is applied inconsistently and often leaves converted institutions looking much like a for-profit in their business model even though they are now calling themselves not-for-profit. One of the first steps in the conversion process is for the IRS to sign off on an institution's tax filing status but this determination by the IRS does not take into account student outcomes.

Under Secretary DeVos, the Department has largely relied on the IRS's determination and an institution's nonprofit tax status to allow these converted institutions to be treated as nonprofits for their Title IV financial aid eligibility under The Higher Education Act. This process allows some of these so-called not-for-profit institutions to continue to function with for-profit business models such as having board members who continue to profit from a remaining for-profit entity that spun-off before the conversion process. This current process does not consider the most important factor, how these institutions actually treat their students. That is why the PROTECT Students Act sets out a formal conversion process and requires institutions that have converted to a not-for-profit status to receive the same heightened oversight associated with their for profit status for a period of five years.

Doctor, can you speak to why additional oversight to the conversion process is so important, and why Federal distinctions between public, non-profit, and private, for-profit colleges are so important?

Dr. MCMILLAN COTTOM. Absolutely and I think it builds on actually on David's point earlier which is that one of the things that states certainly look to the Federal Government to do is to provide guidance on how they should relate to institutions differently. And one of the best things I think that comes out of the PROTECT Act, I think, is it would provide that necessary guidance. It would provide a framework for us to talk about these institutions differently

and to make meaningful comparisons among them, which is something that we are currently missing.

It also does that compensatory factor of sort of stepping in and filling some of the role, as again, of the variation across states of the very end jobs that states do in regulating their oversight of for-profit college sector. It also does something I think very important which is to codify language that can then be used by students and by advocacy groups who advocate for students as they make different choices among institutions. Students do rely on whatever the sort of formal documents are that are handed to them and says this is what this school is.

The IRS designation does not go far enough in explaining what those differences mean qualitatively for the student experience. The biggest one being how much is going to be invested in your actual education and what kind of institutional support you will have once you leave the institution whether it is through graduation or through withdrawal. And it also does not account for the fact that there is a perception gap and a difference that will affect you once you enter the labor market. The not-for-profit IRS status cannot account for that and so it is not providing the necessary regulatory muscle behind the language. And so, the PROTECT Act would go, I think, significantly further to do that and it is important.

Senator HASSAN. Well, thank you. I also just want to touch on one other aspect of your testimony and I only have about 30 seconds, but you spoke about the desperation many prospective students you work with when you were an admissions counselor at a for-profit institution, and how that desperation can lend itself to vulnerability when individuals are deciding whether to pursue a certain degree or program that makes promises about their future earnings, potential, and economic mobility.

In an attempt to ensure that prospective students receive accurate information during admissions and student advising, Congress put in place the incentive compensation band, which would, for example, prevent admission counselors from getting a bonus for enrolling students, a pay structure that has resulted in predatory behavior called the pain funnel that you referenced. Can you explain your experience with predatory admissions practices and how expanding the incentive compensation band to other student services and employees with third-party contractors would better protect students and taxpayers' best interest?

Dr. MCMILLAN COTTOM. Absolutely. I do think it is important.

The CHAIRMAN. We are out of time.

Senator HASSAN. I am sorry. That is my fault. I will follow-up.

The CHAIRMAN. No, that is all right. Go on and please answer the question but you might want to submit a longer answer in writing.

Dr. MCMILLAN COTTOM. Thank you. Absolutely. Thank you. I think I can still do longer answers in writing. Thank you. Still a Professor. Yes, I think—so the answer, yes, to your question is that I do think it is important by the way across the entire structure of the institution for there to be an incentive band.

I think that it is probably most important for institutions that are going through the conversion as they are moving from one sort of culture of admission and matriculation to another. And so, in my

experience, that looks like this. The incentives whether they were direct and monetary or indirect, by the way which we do not always capture, which is in promotion and elevation in the workplace, look like this. It is the Vice President who told me on the second week of my job at the for-profit technical college——

The CHAIRMAN. We are running out of time. Could you wrap up the answer please.

Dr. McMillan Cottom. ——that we are salespeople, we are not counselors. It changes the whole relationship. Thank you.

Senator HASSAN. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Senator Rosen.

Senator ROSEN. Thank you so much for being here. For the work that you do in helping to protect our students who really appreciate it. I would like to follow-up on both Senator Kaine's question on veterans and Senator Smith's questions on accountability because one of my top priorities since coming to Congress has been to increase opportunities for our student veterans.

I am so concerned about our for-profit schools that have targeted veterans and obviously provided them, in many cases, little in return. Since the original passage of the GI Bill, numerous for-profit institutions have preyed upon our student veterans, and like we have seen here, many shutting down, just leaving veterans with—holding the bag. So, this impacts my state directly. Nevada is home to almost 5,500 student veterans. We have a large veteran population there, and our public and non-profit universities thankfully have a really high accountability standard and offer great resources to our veterans, but some have not lived up to the standards.

One of the students, we get emails all the time. One Las Vegas student has sent us an email that said, I am now on my sixth year of schooling, full-time. I still have not received my degree. I have never failed or dropped a class and I maintain a 3.55–3.75 GPA. This for-profit school they were in stole 2 years of their life. So, my question is this, is what standardized tools do you think we should be applying? You talked about them at community colleges across the board to all colleges to ensure that schools are held accountable, especially for our veterans and military students. Any?

Dr. TANDBERG. One thing that is variable across the states is the extent to which they engage in a reauthorization process or can revoke authorization. That is something that I think, from the state perspective, we ought to consider implementing in all states. And that is one way. We often hear that, why don't accreditors close down schools? Well, they actually do not. They cannot. They are not a Government entity. They cannot do that. States can. We can't. And that is something that we are working on at SHEEO is reevaluating the reauthorization processes and procedures so that we can suggest some best practices in that regard.

Senator ROSEN. Well to follow-up with that, now that ACICS has been reinstated as an accreditor, but can the Department of Education, do you think, do to ensure that our veterans' information is not targeted and sold false promises in the same ways that they have for this student that wrote to me? Anyone?

Dr. McMILLAN COTTOM. I would—I thought I would want to speak most directly to the accreditation issue. I would say this. I would say that there is nothing that has not been proposed here today that when we say would benefit most the most vulnerable students that would not benefit veterans. And I would also point out, as you well know Senator Rosen, veterans' families, there is also their spouses and their children, tend to get involved in this feedback loop. There is nothing that has not been proposed here today that would not also benefit those students.

That is increase attention to differentiation among the institutions, that is being clear and transparent and that language with all students and student borrowers. That is about us reevaluating the 90-10 rule so that we have a better feedback mechanism for creating higher quality and accessible institutions. That would be paying attention to whether or not student outcomes are about the institutions they attend or about who they are as students. And so, all of that would be universally good for veterans and for veterans families.

Senator ROSEN. Thank you. I would also like to talk about some of our Hispanics serving institutions. We have four of them in Nevada and so how do you think the Federal Government could address inequalities and probably wrap around services that we talk about that really support the student and make sure that they are positioned to succeed in these institutions. So how do we level the playing field in some of our Hispanic serving institutions that are particularly hard pressed to get kids graduating?

Dr. TANDBERG. I would be happy to speak to that. I attended HSI, a Hispanic serving institution for my undergrad. I received an exceptional education at Adams State University—go grizzlies. What we do know from the literature Deming and Walters study and others is that resources actually do matter for outcomes.

That when more resources are put into these institutions, specially our state appropriations dependent institutions, that we see increased completion rates. And we also know from research by Bridget Terry Long and others that our resources are tragically unequally distributed across institutions. So, institutions that serve low income students, students of color, have the least resources.

I think we need to look at what does it cost to successfully graduate a student by different demographics and allow the resources then to follow those students. And the research would indicate that we would see better outcomes if that is the case.

Senator ROSEN. Thank you. I appreciate it.

The CHAIRMAN. Thank you, Senator Rosen. We have votes at 11:45. A very helpful hearing.

Senator Murray, do you have other questions or comments?

Senator MURRAY. I will submit mine for the record, but I do want to thank all the witnesses for your testimony today. It has been very helpful. Thank you.

The CHAIRMAN. I have got two questions that should not take too long, if I may. As we think about how do we—one of the themes that runs through the testimony here and among others is what do we do to help give more of an opportunity for first generation Pell Grant eligible students to succeed in college. I mean, what do we do to do that?

I have heard for some programs, for example, San Jose State in California and Rutgers where the University, these are four year institutions, uses coaches basically to work with students to help them complete their education and to think about how to align their course of study with work that they might do later. I know in Tennessee where our state has pioneered free tuition for two years of post-secondary education, the Governor and others there think that would not be really worth doing if it were not for the mentors that are an essential part of the program which work with the students.

My question is do you think that is right? I mean as Senator Murray and I and others think about how can we make sure that first generation Pell Grant eligible students succeed, what are ways that the Federal Government can encourage four year and two year institutions and states to coach or mentor or give more help to those students? The difficulty we have is, for example, I like bicycle lanes on roads.

Well, the Federal Government makes a rule on bicycle lanes. What cities and states do is they just draw a bicycle lane on existing road and make it dangerous for everybody. So, the danger with our mandates is they do not work like we wished they work. What could we creatively do to encourage that, that I described, if you think it is worth doing?

Dr. TANDBERG. I definitely think it is worth doing. There are models of institutions that I think do an exceptional job. Paul Quinn College, Amarillo College, something about Texas I suppose—

Dr. WHEELAN. That is in my region.

Dr. TANDBERG. Yes, yes ma'am. And you know, I am inspired by the College Equity Act where we are trying to identify innovative programs and the Federal Government providing support to those, I think it encourages innovation. I think in many cases our colleges know what they need to do, and they are trying to do it. I also think that a lot of them—they are just really smart. They care a lot. In some cases, they do not have the resources. Tennessee, God bless them. At the state level they have the resources they can allocate to these things. I wish that existed in every state. I really do. And so—

The CHAIRMAN. But Tennessee is a pretty low tax—

Dr. TANDBERG. Yes, but I am talking about, they have got lottery funds, right?

The CHAIRMAN. But it is \$27 million a year to operate the entire program. Because it is—the program is you just pay the delta between what the Pell Grant pays and what the tuition is, and that is not much.

Dr. TANDBERG. Yes, I absolutely agree, and I would love to see it in every state. And I think that we ought to think about ways of driving resources to programs that are targeted toward providing the kind of coaching you are talking about. The services—

The CHAIRMAN. You think innovation—you think grants that do that could do that?

Dr. TANDBERG. It certainly could help.

The CHAIRMAN. Anybody else?

Dr. MCMILLAN COTTOM. Success coaches is one of the most, empirically glaring positives across almost all of the research literature that I know about on improving outcomes for first generation students. Basically, we want to supplant the sort of lack of familiar resources that helps students navigate the complex bureaucracy and academic challenges of colleges. We know that works.

We also know that colleges tend to be incentivized when there is a competitive structure for them to apply for much needed funds to provide those resources. To your bike lane example though, Senator Alexander, I think one of the concerns is that when the Federal Government does something to encourage the states to make those programs sustainable, those programs work best when they have a sustainable infrastructure that can work across time, and the states usually need to become partners for that part to happen.

We have however great historical models that have worked at moments in time. The Trio programs, I think, when they were originally designed, were designed to do exactly that, to incentivize institutions to provide resources to do that type of—intrusive counseling model is pretty much what they pioneered and made sort of institutional form. I think those things can be revisited and there are institutions that have done it. I would also shout out Georgia State is doing a fine job, so there are schools outside of Tennessee and Texas.

The CHAIRMAN. Dr. Wheelan.

Dr. WHEELAN. Which is also in my region. Thank you.

Dr. MCMILLAN COTTOM. That is—you are welcome.

Dr. WHEELAN. I agree with you wholeheartedly Senator that it can do nothing but help. But there are additional resources that states might need, and businesses might need to contribute. Hunger, places to live, child care, all of those things contribute to students not graduating or not completing a program. That was one of the reasons that the for-profits and online institutions became so successful because working people, who are the majority of students nowadays, need those kinds of wraparound services. So, anything that can be done to provide additional financial incentives for institutions to be able to bring in those services would be beneficial.

Dr. LOONEY. Can make one more observation, thank you. I think we do not measure success very well and I do not think we give the information to schools at the level that they need to make improvements. So, I do not think a school might know how a program is performing or how their students do after they leave and so that is something that the Federal Government is well positioned to understand and help schools with. I also, not to beat a dead horse, think that if we steer students away from low quality programs by kicking them out of Federal Aid for instance, then I think that would improve the choices that students make. I guess by limiting them from making bad choices.

The CHAIRMAN. Dr. Tandberg, you have done a good job of holding under control something we see often here which is, I have a good idea and I will make everybody do it. As a former Governor I always kind of bristle when people come from states and say here is what the Federal Government ought to do.

I say, well why should we make you do what you ought to do because we have four Governors, former Governors, here on the panel who are perfectly capable of doing many things and you gave the example of the online reciprocity organization where states got together to try to regulate online regulation. What could states do—when you mentioned a number of things that you thought would improve accountability that states could do. For example, states are perfectly capable of regulating for-profit colleges. They can close them down. They can write rules for them. They can tell them how they operate. Why do they not do it?

Dr. TANDBERG. I mean that is a very hard question to answer considering we got 50 states with different histories and contacts.

The CHAIRMAN. No, but you are their representative here.

[Laughter.]

Dr. TANDBERG. Yes, sir. I do not forget that, and I do think it is reaching a point of inflection now when it comes to for-profit institutions. Often states are left holding the bag when they close. They have to be—they hold the records. They have the monitor and implement teach-outs because they are ending precipitously without teach-out agreements in place.

There is often panic. I think states can do a better job of monitoring the financial viability of the institutions. They can do that using existing metrics and tax documents. I think we could do a better job when it comes to requiring teach-out plans at the point of authorization, and then teach out agreements when these institutions are nearing, as we feel, closure or potential closure. And, it would often take changes in state legislation. There are things that our members can do under their existing authority but often they don't have the authority via legislation to do the things we want them to do. And as you know, that can be a difficult process to make changes to.

The CHAIRMAN. Yep. That is true, but I still think as we talk about strengthening accountability and the triad that it is a good time for states to think, okay what could we be doing better and maybe we can do it better by agreement or by example or consortium of six states. We could say we are going to work together to do this and I know how Governors, do they go to the Governor's conference and brag on what they are doing and then the others get jealous and say well, we will outdo you with our six state organizations.

I think this—I am not sure how to encourage that from the Federal Government except to put a spotlight on it. For example, in community colleges, you talked about the large framework of regulation they have. They do have, but Governor Hansen, my retiring Governor who instituted the free tuition program in Tennessee said his biggest disappointment was a poor completion rate in the community colleges. I mean community colleges have got a ways to go to hold up their end of the bargain as well and I am leery of, as Dr. Wheelan said, bright lines from Washington because they often produce unintended consequences. They usually produce unintended consequences, and so those are my biases I guess.

I want to thank all of you—each of you for coming. It has been very helpful to us. You can see from the attendance of the Senators. The record will remain open for 10 business days. Members

may submit additional information and questions for our witnesses for the record within that time if they would like. If you think of something you wish you would have said or said differently, please know that we would welcome, Senator Murray and I and the rest of the Committee, would welcome hearing from it.

The CHAIRMAN. The Committee will stand adjourned.

ADDITIONAL MATERIAL

PostsecData Collaborative and National Skills Coalition Support the Reintroduction of the College Transparency Act

April 1, 2019

The *Postsecondary Data Collaborative* (PostsecData) and the *National Skills Coalition* in cooperation with the undersigned organizations and individuals, applaud Senators Bill Cassidy (R-LA), Elizabeth Warren (D-MA), Tim Scott (R-SC) and Sheldon Whitehouse (D-RI), and Representatives Paul Mitchell (R-MI), Raja Krishnamoorthi (D-IL), Elise Stefanik (R-NY), and Josh Harder (D-CA) for championing transparency through their introduction of the College Transparency Act, which would create a secure, privacy-protected postsecondary data system. This bipartisan, bicameral bill would help students and families, policymakers, institutions and employers to make informed decisions by providing more complete information about college access, success, costs, and outcomes. This information empowers students and families to make well-informed choices about their education, policymakers and institutions to craft evidence-based policies to help students succeed, and employers to navigate the talent pipeline they need to grow the economy. Without complete, representative data that counts all students, equity will be out of reach.

The research is abundantly clear: Investing in a college education pays off.¹ But while college is worth it on average, students, policymakers, institutions and employers cannot answer crucial questions about which postsecondary programs provide an adequate return on investment for which students. Students and taxpayers have a right to know what they can expect in return for their college investment. Yet, existing policies prevent us from answering basic questions, such as:

- What are national completion rates for part-time and transfer students of color?
- How do college access, affordability, and completion vary by race, ethnicity, and income?
- How much do students borrow, and can they repay their loans?
- How many non-completers from a particular college never reenroll, and how many transfer to finish their degree at another institution?
- Which students go on to succeed in the workforce?

Answers to these questions would help students and families choose programs that demonstrate strong outcomes, while helping policymakers and educators to implement policies and practices that help more students succeed. For the marketplace to function effectively, all these stakeholders need access to high-quality information that reflects all types of students and can look at outcomes across state lines. The federal government—with its access to existing data, including on employment and earnings—is uniquely positioned to compile that information, while reducing institutional reporting burdens.

The College Transparency Act:

- Overturns the ban on student-level data collection in the Higher Education Act;
- Creates a secure, privacy protected student-level data network within the National Center for Education Statistics (NCES) using strong security standards and data governance protocols;
- Accurately reports on student outcomes including enrollment, completion and post-college success across colleges and programs;

¹ College Board, *Education Pays 2016*, <https://trends.collegeboard.org/sites/default/files/education-pays-2016-full-report.pdf>.

- Leverages existing data at federal agencies and institutional data by matching a limited set of data to calculate aggregate information to answer questions critical to understanding and improving student success;
- Protects all students by limiting data disclosures, prohibiting the sale of data, penalizing illegal data use, protecting vulnerable students, prohibiting the use of the data for law enforcement, safeguarding personally identifiable information, and requiring notice to students and regular audits of the system;
- Streamlines burdensome federal reporting requirements for postsecondary institutions;
- Provides information disaggregated by race, ethnicity and Pell Grant receipt status to identify inequities in students' success;
- Requires a user-friendly website to ensure the data are transparent, informative, and accessible for students, parents, policymakers, and employers; and
- Feeds aggregate information back to states and institutions so they can develop and implement targeted, data-informed strategies aimed at supporting student success.

The College Transparency Act represents broad consensus among students, colleges and universities, employers, and policymakers that a secure, privacy-protected postsecondary student data system is the only way to give students the information they need to make informed college choices. That is why we are coming together to urge Congress to pass this bill to provide accurate, timely, and high-quality aggregate data in a user-friendly, transparent way for students and families, policymakers, institutions and employers who have a right to know answers to key questions about student access and success.

- America Forward
- Association of American Colleges & Universities (AAC&U)
- AccessLex Institute
- AccuRounds
- Achieve Atlanta
- Achieving the Dream
- Advance CTE
- AdvancED
- Alloy Engineering Co. Inc.
- American Association of Community Colleges
- AMT—The Association For Manufacturing Technology
- Ann Majdic
- Arizona Office of Economic Opportunity
- Aspen Institute College Excellence Program
- Association for Career and Technical Education
- Association of Community College Trustees
- Association of Public and Land-grant Universities
- Association of Public Data Users
- Atlanta Regional Workforce Development Board
- Birmingham Prosperity Partnership
- Board of Regents, State of Iowa
- Boston Centerless
- Bottom Line
- Build UP
- California Competes
- California EDGE Coalition
- California State Student Association (CSSA)
- Campaign for College Opportunity
- Center for American Progress
- Center for Law and Social Policy (CLASP)
- Chicago Citywide Literacy Coalition
- Chicago Jobs Council

- Chiefs for Change
- Cobb Chamber of Commerce
- College Now Greater Cleveland
- Colorado Center on Law and Policy
- Community Foundation for Greater Atlanta
- Complete College America, Inc.
- Connecticut Association for Human Services
- Connecticut State Colleges and Universities
- Corporation for a Skilled Workforce
- Council for Adult and Experiential Learning
- Custom Plastics and More
- CWA Southern California Council
- Dallas County Community College District
- District 1199C Training & Upgrading Fund
- Eastern Carolina Workforce Development Board, Inc.
- ECPI University
- Edmit
- EducationQuest Foundation
- Employee of Choice Academy
- EmployIndy
- Enlisted Association of the National Guard
- Excelencia in Education
- Fairfield-Suisun Adult School
- Field Crest Care Center
- Five Star Development, Inc.
- Georgetown University Center on Education and the Workforce
- Georgia Association for Career and Technical Education
- Georgia Department of Education
- Georgia State University Student Government Association
- Global Resource Management Inc.
- Greater North Fulton Chamber of Commerce
- Greater Philadelphia Healthcare Partnership
- Greater Washington Community Foundation
- GW Institute of Public Policy, George Washington University
- HCM Strategists
- Higher Learning Advocates
- Holder Construction Company
- Indiana Institute for Working Families
- Institute for Higher Education Policy
- James Rutter, CEO RQECG Inc.
- Jersey City Literacy Program
- JEVS Human Services
- Jewish Vocational and Career Counseling Service
- Jewish Vocational Service, Boston
- JMPDX LLC
- Jobs For the Future
- JobTrain
- Kathryn Stege
- Knowledge Alliance
- LeaderQuest Holdings Inc.
- Learn4Life
- Lehman College of The City University of New York
- Louisiana State University
- Mahoning Valley Manufacturers Coalition

- Marlen Perez
- MCCI Medical Group
- Metro Atlanta Chamber
- Muslim Student Association—West
- Nashville Area Chamber of Commerce
- NASPA—Student Affairs Administrators in Higher Education
- National Association for College Admission Counseling
- National Association of Graduate-Professional Students
- National Association of Student Financial Aid Administrators
- National Council for Adult Learning
- National Council for Workforce Education
- National Laboratory for Education Transformation
- National Skills Coalition
- Naugatuck Adult Education
- New America
- New Orleans Youth Alliance
- New York Association of Training & Employment Professionals (NYATEP)
- Nexus Research and Policy Center
- NOCTI
- Northwest WI Workforce Investment Board
- Nucleos-PortableCloud
- Office of Institutional Research & Planning, The Ohio State University
- Optimax Systems Inc.
- Orleans Technical College
- Partners for College Affordability and Public Trust
- Partnership for College Completion
- Perfection Spring & Stamping Corp.
- Policy Matters Ohio
- Policy Planning Partners
- Postsecondary Analytics
- Pretty Good Consulting, Inc.
- ProLiteracy
- Pryor Education Insights
- Public Insight Corporation
- Rebuilding America's Middle Class
- Results for America
- Rhode Island Adult Education Professional Development Center
- Richards Industries
- Sargent Shriver National Center on Poverty Law
- Scholarship America
- Shenandoah Initiative for Adult Education
- Skills2Compete Colorado
- SkillWorks
- South Asian Fund for Education, Scholarship and Training (SAFEST)
- Southeast Ministry
- Southwest Ohio Region Workforce Investment Board
- Stephen L. DesJardins, Professor, University of Michigan
- StriveTogether
- Student Veterans of America
- TechBirmingham
- The Bell Policy Center
- The Education Trust
- The Institute for College Access & Success (TICAS)

- The Quality Assurance Commons
- The State University Of New York
- The Veterans Education Project
- Third Way
- Towards Employment
- Transportation Learning Center
- TRC Staffing Services
- Tulsa Regional Chamber
- U.S. Chamber of Commerce
- uAspire
- United Way of Central Iowa
- United Way of Greater Atlanta
- Urban Alliance
- Veterans Education Success
- Virginia Community College System
- Welcoming Center for New Pennsylvanians
- Western Nevada College Adult Literacy & Language
- WKBJ Foundation
- Women and Families Center-Open DOHR Employment Training
- Women Employed
- Workforce Career Readiness
- Workforce Data Quality Campaign
- Workforce Development Board of South Central WI, Inc.
- Workforce Partnership, local workforce board serving Kansas City, Kansas area
- Workforce Solutions Group
- World Education Services
- WSP USA
- Wyoming Machine, Inc.
- Young Invincibles

[Whereupon, at 11:57 a.m., the hearing was adjourned.]

