ASSOCIATION OF
PUBLIC &
LAND-GRANT
UNIVERSITIES

February 15, 2018

The Honorable Lamar Alexander
Chairman
Committee on Health, Education, Labor and Pensions
428 Senate Dirksen Office Building
Washington, DC 20510

Dear Chairman Alexander,

The Association of Public and Land-grant Universities (APLU) appreciates your interest in feedback on the "Higher Education Accountability" white paper. In our view, accountability is one of the fundamental issues within a reauthorization of the Higher Education Act. APLU looks forward to working together in support of appropriate accountability to protect students and the significant investment taxpayers make in higher education.

APLU is a research, policy, and advocacy organization dedicated to strengthening and advancing the work of public research universities. Our membership includes over 200 universities in every state which collectively enroll 4 million undergraduates and 1.2 million graduate students, award 1.1 million degrees, employ 1.1 million faculty and staff, and conduct $40.7 billion in university-based research.

The U.S. Department of Education has a more than $1 trillion loan portfolio, extends over $100 billion in new student loans each year, and provides more than $30 billion annually in Pell Grants. These programs and efforts are essential for a vibrant, successful, and diverse higher education system. Higher education is one of the most critical investments our nation can make for economic growth, global competitiveness, and social mobility. Yet, despite both the size and importance of its investments through Title IV of the Higher Education Act, the Department of Veterans Affairs, the Department of Defense, and tax credits, the federal government does not do enough to hold poorly performing institutions accountable. Targeted reforms are needed to improve the stewardship of taxpayer dollars and protect students who may attend institutions that saddle them with debt without providing an education that helps them succeed.

In the aftermath of the failure of Corinthian Colleges, much attention has been given to forgiving loans of students who attended institutions that misled them with overstated student outcomes. This is an important conversation particularly for defrauded students who deserve relief. However, we urge policymakers to not lose sight of the necessity for the federal government to create and implement policies that would prevent chronically low-performing schools from receiving Title IV funding in the first place.

Institutions that persistently perform poorly and burden students with debt without improving their career and life prospects should be identified and subject to greater scrutiny and the possibility of sanctions, including the potential loss of access to federal financial aid. APLU recognizes that addressing the challenge of very low-performing institutions while protecting students and their access to a high-quality education are complex problems, particularly within a very large system of federal financial aid and thousands of institutions with diverse missions and student populations. Higher education policy should appropriately reflect that some institutions that serve a significant portion of low-income, minority students have been historically underfunded.

Sincerely,

Peter McPherson
President
APLU

Improve Data to Increase Higher Education Transparency

Policy reform to boost higher education accountability should begin with empowering students as consumers in the higher education marketplace through increased transparency. The federal government can help ensure students have the information they need to make informed decisions on which colleges and universities and programs are the right fit for their needs, thus creating accountability for institutions of higher education to the market.

Unfortunately, comprehensive, accurate data on student outcomes at each college and university in the U.S. are considerably lacking. As a result, students and families are left in the dark as they make the critical decision about which college or university to attend, thus limiting the ability of consumers to render effective accountability through the choices they make. Congress should include the College Transparency Act, H.R. 2434/S. 1121, within HEA reauthorization to fix the problem.

Since 1992, institutions have been required under the Higher Education Act to report institutional-level data on a wide range of topics, including college costs, student characteristics, graduation rates, faculty and staff, and institutional finances, via the Integrated Postsecondary Education Data System (IPEDS). In subsequent reauthorizations, the data required to be reported by institutions via IPEDS has been expanded and the Department of Education has been required to make certain data in IPEDS available to students and parents via the College Navigator website. In addition, in recent years, beyond what is required under HEA, the Department of Education has worked to provide what additional data it could under law by leveraging its current data systems and making the data available on the College Scorecard. However, the data provided on both the College Navigator and College Scorecard are incomplete, flawed, and misleading. The problem exists as a result of a provision included in the Higher Education Opportunity Act of 2008, which bans federal student-level data. The provision precludes the federal government from collecting and reporting information students and families need on outcomes at colleges and universities. Those who supported the ban expressed concerns with privacy and security of data as well as the potential for federal overreach.

However, those apprehensions can be addressed through proper safeguards and should not be an excuse for impeding transparency and denying students and families better information.

Addressing Limits of Federal Graduation Rate Data

The graduation rate that the Department of Education is currently required to make available via the College Navigator site is incomplete because it fails to account for all students and their progress and graduation outcomes. Student-level data is needed to provide accurate persistence and graduation rates for all postsecondary students. Because of the prohibition against student-level data, the federal government is unable to reliably and consistently report the outcomes of students after they transfer and has only recently added minimal reporting for part-time students. This is a huge problem since nearly 55 percent of those who earn a bachelor's degree attend more than one institution and over 60 percent of students at community colleges attend part-time. Those students are not counted and most people looking at College Navigator and other transparency sites that also utilize the IPEDS graduation rates like the College Scorecard, have no idea that the data is so incomplete. Only 47 percent of postsecondary students meet the "first-time, full-time" criteria of the federal graduation rate.

As the federal graduation rate is often used as an indicator of student success and institutional performance, there is a lack of comprehensive and accurate information for prospective students and their families, for policymakers, and for institutions themselves. The Student Achievement Measure (SAM) is a voluntary initiative that helps to fill the information gap by providing a set of progress and completion outcomes for full-time, part-time, and transfer-in students who attend one institution or multiple institutions. Developed as a cross-sector initiative in 2013, the SAM project is as collaboration among six higher education associations and is led by APLU and the American Association of State Colleges and Universities (AASCU). SAM currently has more than 600 participating institutions that represent 38 percent of the undergraduate enrollment in the U.S.

The SAM metrics are an effective short-term solution that provides helpful information to consumers, policymakers, and institutions. However, the larger challenge remains – lifting the ban on the collection of student-level data so that more accurate and comprehensive outcomes measures (like the SAM metrics) could replace the current federal graduation rate and be used for all institutions. SAM provides a powerful model of the type of information that would be available if the ban were lifted.

Addressing Problems with Data for Post-College Employment

Under current law, there are no requirements for the Department of Education to make data available on employment outcomes of college graduates. However, since the HEOA was enacted in 2008, the demand for such data has grown tremendously. There is no question that expanding career opportunities is a top reason why many students enroll and potentially invest significant time and resources in their college educations. In fact, in a national survey of freshmen, the top reason for going to college was to "get a better job."

In the face of the demand for such employment outcome data, the Department of Education's College Scorecard and utilized its current data systems to generate and publish salary information. However, the data is not very useful and can be misleading. The College Scorecard provides one aggregate salary figure for each institution, and in some cases aggregated across an entire campus system, rather than breaking out the data by academic program. Further confusing the matter, the aggregate salary figure averages the earnings of individuals who earn a degree with those individuals who did not complete– bringing down the average and obfuscating the economic benefits of earning a college degree. Finally, because the Department of Education generated the information using existing data systems, it can only report information on Title IV recipients, leaving out at least 30 percent of college students, thus skewing the data.

Lifting the ban on student-level data for limited and relevant data collection would allow the federal government to provide aggregate information on employment outcomes, including salary, of all graduates of institutions and academic programs, not just for those receiving Title IV aid. This would allow for a new College Dashboard or updated College Scorecard site to provide students and parents complete and accurate information to use to set realistic expectations of possible future earnings and appropriately minimize borrowing.

Department of Education's Authority to Improve Data

As we have seen over the last decade since the last reauthorization, demands for data change and better measures can emerge as higher education evolves and student characteristics change. The authority of the Secretary of Education to regulate in this area is important as the Department of Education must be responsive to the changing demands for data, and make improvements to the data and metrics on the website. The Department of Education has a process in place (Technical Review Panels) through which it seeks input from data experts from institutions and the field at large to make improvements to the IPEDS data collection and dissemination tools like the College Navigator. Such input helps ensure that the most accurate and relevant data is made available to students and other stakeholders in a useful way. APLU would oppose changes to current law that would limit the Department of Education's authority to use this process to continuously improve the consumer information it provides and IPEDS data collection.

APLU was deeply engaged in the development of The College Transparency Act (CTA), H.R. 2434/S. 1121. CTA appropriately balances concerns about privacy and security while providing the key complete and accurate information needed by students and families to hold institutions accountable through the choices they make. APLU strongly urges Congress to include CTA within HEA reauthorization.

Strengthen Accountability by Fixing Broken Cohort Default Rate Test

It is critical that the Higher Education Act include policies to hold institutions and programs accountable for an appropriate minimum level of successful student outcomes. Neither students nor taxpayers should accept that the federal government would subsidize programs and institutions that are unlikely to lead to students successfully repaying their federal loans.

The current requirements for institutions to maintain access to Title IV are remarkably lenient, subject to manipulation, ineffectively enforced, and moving toward irrelevance. Under current rules, an institution is subject to the loss of Title IV eligibility if its three-year cohort default rate (CDR) exceeds 30 percent for three successive years or if the three-year rate is greater than 40 percent in any one year. In 2015, only 15 institutions out of the more than 7,000 that participate in the Title IV program were subject to sanctions that could lead to their loss of eligibility to participate in Title IV programs. The CDR test clearly is failing to capture some institutions that are not doing right by their students. Furthermore, with the increasing use of income-driven repayment options, the default rate alone is an inadequate metric to determine the ability of an institution's students to repay their loans.

While APLU needs to do additional work to examine some of the repayment rate metrics referenced in the white paper as well as the appropriateness of thresholds, in concept we support accountability at the program level and agree that repayment rates are a critical tool to measure performance. However, we urge that this new accountability measure at the program level not replace accountability at the institution level. The CDR test should be fixed not abandoned. If accountability is only at the program level, the Department of Education could be playing a game of "whack a mole" of terrible programs taking advantage of students while it is clear the institution as a whole should not be able to access Title IV funding.

Fix, Don't End the 90/10 Rule

The 90/10 rule within the Higher Education Act precludes for-profit colleges and universities from receiving more than 90 percent of their revenue from federal student aid. However, the rule does not include revenue from Department of Defense (DOD) and Department of Veterans Affairs (VA) student aid. This loophole has had significant repercussions, making servicemen and women and veterans targets of aggressive recruitment campaigns by some unscrupulous institutions.

The 90/10 rule was developed to be a quality assurance indicator for an institution through its accountability to the free market. We understand that DOD and VA educational programs differ in character and standing from the Department of Education Title IV programs and are generally considered entitlements provided to active military service personnel and veterans; however, with some institutions receiving nearly 100 percent of their funding from federal sources, that quality assurance metric is invalidated. This change will assist in protecting veterans and other students by offering a more comprehensive assertion of educational institutional quality.

The Department of Education Needs Appropriate Authority to Protect Program Integrity

While many Obama administration regulations rightfully received varying levels of criticism and concern among institutions of higher education and APLU, concerns with program integrity regulations should be dealt with through the regulatory process rather than blocking the Department of Education from ever regulating in the space. To the extent there are remaining concerns about Gainful Employment (GE), Credit Hour, and State Authorization regulations, APLU urges they be addressed through the regulatory process and the Department of Education continue to have appropriate authority to promulgate regulations with the intent of protecting students from poor performing programs and bad actors.

On GE in particular, we caution against a regulatory repeal that might be a relief to some colleges and universities but ultimately would leave students more vulnerable to taking on debt for academic credentials of little value. We think it is appropriate for the Department of Education to hold "gainful employment" programs accountable for delivering on implicit promises made to students. Programs that saddle students with overwhelming debt while failing to prepare them for meaningful and expected careers should not benefit from lack of transparency of results or federal funding that can seemingly flow as long as students enroll.

We understand that institutions and associations most impacted by GE have voiced concerns about reporting burden and quality of data. The Department of Education is right to consider these concerns through the regulatory process. Some changes may be appropriate. But, we also note that transparency of outcomes from the GE rule have already resulted in institutions ending programs because of data showing poor outcomes for students. As a result, students have been protected from enrolling in poorly performing programs and the integrity of the Title IV system is stronger.

Risk Sharing: Not the Right Approach

APLU recognizes and supports appropriate efforts to hold institutions of higher education more accountable. There are positive policy proposals that would help protect students and taxpayers as well as proposals we think would have severe unintended consequences, which ultimately set back the interests of students and taxpayers. The "risk sharing" concept, in which institutions would be financially liable for loan defaults or slow repayment of its students, in our view, falls within the latter category.

APLU is greatly concerned that risk sharing would ultimately encourage institutions to minimize "risk." That is, the policy would essentially drive many institutions to favor admission of students who are the least likely to default or repay their loans. As policymakers highlight real concerns about achievement gaps and income inequality, we should be working to make higher education more, not less, accessible to low and middle-income families.

The land-grant system was created to democratize higher education, to make what was once a privilege for the elite and wealthy, an option for more Americans. A broad risk-sharing policy would promote an environment in which students from advantaged backgrounds could be more appealing to institutions as a means of reducing risk of federal penalties.

Public institutions, particularly those most suffering from state disinvestment in public higher education and those which admit high numbers of Pell recipients and first-generation students such as the historically black 1890s land-grant institutions, would have no option, but to pass the costs of risk sharing on to students and families in the form of increased tuition and fees and/or reduced academic services. Risk sharing might require institutions to take out special insurance policies to mitigate their risk, or set aside funds which should be used to support its academic mission, in the event of incurring penalties under the policy.

The policies outlined above in this paper, including strengthen the cohort default rate; implementing accountability via loan repayment rate, gainful employment, etc. collectively would improve accountability to protect students and taxpayers without the harmful consequences of risk-sharing.

Risk-Based Accreditation: Focus Accreditor Resources Where Most Needed

Regional accreditation has been a long standing and important way to assure the public that educational institutions meet expected standards of quality. What began as a voluntary system to provide these assurances has developed into a more complex system that performs many additional functions. The Higher Education Act has not kept up with changes in the role of accreditors nor the new tools to assess institutional performance and risk to students and taxpayers.

A differential or "risk-based" approach to accreditation is part of the solution. This new approach should include two core concepts:

1) All institutions should go through the accreditation process, but consistently high achieving institutions should not go through the same burdensome and expensive process as low performing institutions. Accreditor resources should be focused where they are needed the most and not unnecessarily expended on the high-performers.

2) Accreditors should use more outcomes data as part of their process, e.g. graduation rates, employment outcomes, loan default and repayment rates.

As institutional performance data has become available, assessments of higher education have been shifting to a greater focus on outcomes. However, in the case of accreditation, many vestiges of the input/process model remain and much of that was put in statute as part of the Higher Education Act. With better outcomes data becoming more readily available, it is important to revise or remove some of the input/process components and shift the focus for accreditation to a more outcomes-based model.

Another vestige of the inputs/process model is that accrediting agencies require every institution to follow the same process for the reaffirmation of accreditation, with some exception tied to the mission of the institution, regardless of institutional performance and risks to students and taxpayers. We applaud the Department of Education for recently clarifying that it favors various forms of a differential accreditation review process. However, since the Department of Education is merely advising the accreditors that they have the discretion to apply a differentiated approach, the Department's actions are relatively weak.

APLU strongly believes the existing process is wasteful of both institutional and accreditor resources and more importantly does not optimally protect students and taxpayers as attention and resources are not as focused on the institutions needing the most attention. The core concept of differential accreditation is that an institution with a 90 percent graduation rate, a loan default rate of 3.5 percent and no difficulties in administering financial aid, does not need as much attention as an institution with a 30 percent graduation rate and a 24 percent default rate, for example. There is simply less risk in the first case that the institution would have any quality or financial difficulties of the sort that would be of concern to the Department of Education.

As part of a differential accreditation approach, the process should move toward using more performance outcome measures as indicators of quality. Such indicators are to be part of all accreditation processes and for those institutions with high performance results, could serve as the basis for alternative, flexible review processes. For many institutions, going through the accreditation process is needlessly time-consuming and costly, distracting attention from advancing the institution's educational, research, and outreach missions.

APLU proposes regional and national institutional accrediting agencies be required to use three broad categories of outcomes data (comprehensive graduation rates, financial sustainability measures, and employment outcomes) as part of assessing the accreditation status of a postsecondary institution. We recommend that accreditors be required to use these categories in determining the appropriate level of review, with high performing institutions requiring less attention. All institutions would need to meet standards for reaffirmation of accreditation, but the process used would vary based on the performance outcome of institutions.