HIGHER LEARNING COMMISSION
STATEMENT TO THE
U.S. SENATE COMMITTEE ON HEALTH, EDUCATION, LABOR AND PENSIONS
March 21, 2011

This statement supplements the written and oral testimony provided on March 10, 2011 to the U.S. Senate Committee on Health, Education, Labor and Pensions (HELP) by Sylvia Manning, President of the Higher Learning Commission of the North Central Association.

In 2009 the U.S. government through Title IV federal financial aid awarded $113 billion to 13 million postsecondary students attending nearly 6,200 institutions of higher education across the United States. The Higher Learning Commission of the North Central Association accredits 1,040 of these institutions. These institutions range from highly selective universities and liberal arts colleges to small seminaries to open-admissions community colleges.

The Commission’s judgment to recognize the quality of these institutions was instrumental in their eligibility to participate in Title IV. In 2009 these institutions gave millions of students across the North Central region the opportunity to achieve a college education, and the U.S. government through Title IV gave many of the students the financial means to make that opportunity a reality.

The Commission takes very seriously its responsibility to these students and to U. S. taxpayers to answer questions about the role and value of accreditation, as well as about the Commission’s plans to improve and strengthen accreditation for the future. It was in this spirit of transparency and accountability that President Sylvia Manning voluntarily agreed to appear before the Health, Education, Labor and Pensions (HELP) Committee on March 10, 2011 to discuss accreditation considerations in the case study of Ashford University, which is owned by Bridgepoint Education, Inc.

While the Commission appreciates the opportunity to speak about issues of accreditation to a Congressional Committee, the Commission respectfully submits that a case-study of a single institution, and moreover one that is unusual if not unique, does not provide a sufficient basis on which to examine the accreditation process or assess its effectiveness. Senator Harkin had many questions and concerns relative to accreditation but President Manning had the opportunity to address only some of them. The policies and procedures of the Commission and its evaluative processes are complex, and manifest in accrediting judgments of over a thousand colleges and universities. The Commission asks that Congress provide an impartial and careful review of voluntary accreditation before calling for change.

There are several issues that Senator Harkin raised that deserve more detailed response and discussion than the circumstances of the hearing provided. These issues are the following:
SELF-REGULATION. Since its founding in 1895, the membership of the Commission has been composed of colleges and universities that have joined together for the purpose of promoting quality in higher education. From these members the Commission draws the faculty, administrators and other personnel who participate in the formulation of Commission standards, conduct evaluations of other institutions in the region, and form the decision-making bodies that determine whether a college or university’s accreditation will be reaffirmed. The more than 1,500 professionals who support the Commission’s work understand what constitutes high quality in higher education and how to go about reaching that goal in today’s environment and across the multitude of different institutional types.

All sorts of industries across the United States, including the professional disciplines of medicine and law, are self-regulated. While there has been justifiable criticism of self-regulation in certain individual cases, no one has advanced a system that has the capacity to provide more knowledgeable and rigorous evaluation of highly specialized work than a system that utilizes the expertise of specialists themselves. In addition, self-regulatory systems are often insulated from the political pressure that might occur in a similar oversight process conducted through a governmental office. In the regulation of higher education through the triad of state, federal and accrediting agency oversight, private accrediting agencies are the only non-governmental entities and the only entity potentially free of political influence.

The professionals who conduct the evaluations of higher education institutions have a strong interest in the integrity of the system: if self-regulation of higher education is discredited, the reputation of their own institutions is at risk; furthermore, their institutions will be affected by any new system that replaces it. They undertake the work because by doing it they make a contribution to the betterment of higher education and because they encounter ideas that they take back to their own campuses for their improvement. All institutions gain by maintaining a rigorous system of self-evaluation. In addition, self-regulation of higher education through voluntary accreditation is accountable to the federal government through the recognition process of accrediting agencies developed by Congress through the Higher Education Act and supervised by Congress through its oversight of the U.S. Department of Education.

Funding. The Commission receives no federal funding. The Commission is supported by dues from its member institutions and by fees for the various evaluations it conducts of member and applying institutions. In this regard the Commission is not unlike other professionals, including doctors, lawyers, architects, and numerous others, whose fees sustain the professional process by providing for the staff who make the process work. The salaried staff does not make the accrediting decisions; those decisions are made by the hundreds of participating professionals. The fees paid to doctors, lawyers and architects acting as self-regulators do not affect the judgment of these professionals, and neither do the fees for service paid by institutions in the accrediting process affect the judgment of accreditors.

Governance of the Commission and the most critical decisions on accreditation are reserved to the Board of Trustees. The Board includes presidents and other leaders of member institutions, faculty, and public members. The public members constitute 20% of the Board and have included individuals such as a state Supreme Court justice, a state senator, the head of a
state business quality advancement agency, and a business CEO. Board members devote at minimum the equivalent of 15 days a year to service to the Commission, with no compensation.

The notion that the funding of accreditation is akin to the funding of the credit rating agencies in the subprime mortgage scandal reflects a lack of understanding of the business model for regional accreditation. Credit rating agencies (CRAs) are publicly-traded corporations that competed with other CRAs for large fees for assigning high ratings to financial securitization products they had participated in producing. Unlike the CRAs, the Commission is not publicly-traded and has no pressure from investors to generate a huge profit. It is not acquiring large fees by competing with other accreditors to see who can assign the highest stamp of approval to institutions. And it has had no role in the development of the institutions under review and makes no money by seeing them prosper. It collects the same fee-for-service from the evaluation of an institution regardless of whether that evaluation results in a positive or negative accreditation decision. Finally, the Commission is scrutinized through an extensive federal recognition process not only with regard to its accrediting practices but also with regard to its finances to assure against conflict of interest.

In addition, there is no particular incentive for the Commission to take on more institutional members or increase fund balances. Increased membership means more work for Commission staff, who are not compensated on that basis. There is no staff member at the Commission charged with recruiting prospective members, and no bonuses are tied to this activity. The overall membership of the Commission has grown only 8% in twenty years.

Retention. A series of charts concerning student retention at Ashford University was unveiled at the hearing, described as containing data provided to the Committee by Bridgepoint Education or calculated by Committee staff based on data provided by Bridgepoint. Some of the data remain insufficiently explained, such as how the Committee staff calculated 2010 withdrawal rates for Bridgepoint students enrolling in 2008-09 in Associate and Bachelor’s programs. Other data, such as the three-year default rate, are new, have been available to accrediting agencies only for the past few months, and are still in trial form.

Many institutions across the country have retention rates below 50%. In part these retention rates appear as they do because standard formulations fail to account for older working adults who do not pursue higher education in a clear, continuous path from first year to graduation. They attend multiple institutions and come in and out of the system as their time, finances and family issues permit. They are often counted as withdrawals even though they may ultimately return to complete their education. Some adults never intend to complete a degree but merely wish to complete some college courses, yet they may be counted as degree-seeking and then as withdrawals after they exit the system. President Manning has urged that the National Center for Educational Statistics work with the Department of Education and institutions to find better ways to track these students and develop data systems to reflect their behavior.

However, these retention rates also appear as they do because, while higher education has been successful in bringing more first-generation and at-risk college students closer to the promise of higher education, it has been less successful in ensuring that sufficient numbers of such students receive a degree. President Manning indicated in her written testimony that
retention has become a very serious issue, particularly with the expansion of higher education over the past decade. The Higher Learning Commission recognizes that accreditors bear some level of responsibility for the solution to this problem. The Higher Learning Commission’s proposed new Criteria for Accreditation require, as appropriate within each institution’s mission, evidence of improved retention at institutions as well as testing, placement and remediation to ensure that every student has a reasonable chance for success.

Institutional expenditures. Questions were raised at the hearing concerning the Commission’s oversight of executive compensation and marketing expenditures. While the Commission does review how an institution spends its money, including the compensation of the executive, faculty and other institutional personnel, various constraints make it potentially a restraint of trade for the Commission to make an accrediting judgment as to whether an executive’s compensation is inappropriate. The Commission does evaluate instructional spending as one indicator of whether the institution’s academic programs are of sufficient quality, and in that context may note what appears to be disproportionate spending. Such disproportion may be found in executive compensation, in marketing, in major athletics programs, or in other areas; the Commission may comment on such disproportion and its bearing on the instructional programs, but the issue upon which it will rest its actions will be the quality of those instructional programs.

We respectfully suggest that there is a much more effective way to limit, should Congress so desire, the amount of federal funds used by any institution for purposes such as marketing and executive compensation. The federal government could require that a stated percentage of the dollars received by an institution through federal student financial aid be spent on direct instruction and instructional support. These categories of expenditure are well understood. The requirement could be audited by the Department of Education on a regular and frequent basis. In this fashion, there would be no attempt to limit either the prices or the compensation or indeed any other activity of the institutions; there would simply be a requirement that federal student aid dollars be spent on educating students.

Role and Oversight of Accreditation. Accreditation is not the sole qualifier, or gatekeeper, for Title IV funds. All institutions eligible for Title IV federal student aid are also directly overseen by, and accountable to, the Federal Student Aid office of the Department of Education with regard to numerous financial and administrative obligations related to Title IV. This federal role in oversight of institutions and eligibility for Title IV funds has been largely overlooked in recent discussions.

In 1952 and in every Higher Education Act since, accreditation was assigned by Congress only the role of academic oversight. It has neither the authority nor the tools of law enforcement. While accreditation can -- and the Commission does -- respond to findings by legally constituted authorities of institutional misconduct, it cannot take on the role of the Federal Student Aid office of the Department of Education, the Office of the Inspector General, or the Government Accountability Office. Nor should it: those roles are not compatible with a focus on steady pursuit of and escalating expectations for academic quality -- focus on the questions of the currency, relevance, and sufficiency of what students are taught, and whether they are learning it.
There are six other regional accreditors and forty-nine national and specialized or professional accreditors currently recognized by the U.S. Department of Education. All of these agencies, including the Commission, have been extensively reviewed by the Department through its process for recognition of accrediting agencies. Through the recognition process the Department not only assesses the substance and effectiveness of the policies and procedures of recognized agencies but also scrutinizes their accrediting decisions to determine whether their accreditation is sufficiently rigorous to merit federal recognition. The Department’s oversight is conducted under laws revised by Congress as recently as 2008 with the adoption of the Higher Education Opportunity Act.

The Higher Learning Commission is a hundred-year-old organization that has successfully surmounted numerous challenges. Like many American institutions, the Commission is working to ensure that its processes are appropriately rigorous to handle the particular challenges that the 21st century is bringing. It has survived as long as it has because of the dedication of its member institutions, staff and peer reviewers to ensuring that students have access to high quality higher education. Many of its 1,000 members are among the finest institutions of higher education in the world, and participation in self-regulation by these institutions plays an important role in the success of the higher education enterprise as a whole.