Testimony of Anne D. Neal
President, American Council of Trustees and Alumni

Before the Subcommittee on Higher Education and Workforce Training of the House Education and Workforce Committee

June 13, 2013

Accreditation is not a household word. But it's one of the most critical issues facing higher education. I want to thank Chairman Foxx and members of the Committee for taking time to discuss this system which—by any measure—has failed the taxpayer and failed American students and families.

So why do we have accreditation? In passing the Higher Education Act nearly 50 years ago, Congress linked accreditation and federal student aid to prevent students from squandering money on diploma mills. It took accreditors who had traditionally been peer review teams focused on self–improvement and made them gatekeepers of federal dollars. According to the Act, recognized accreditors were to serve as a "reliable authority" on the "quality of education or training offered." In other words, the federal government delegated the determination of what schools would receive Pell grants and federal student loans to agents known as regional or national accreditors. Accreditation was thought to be a good proxy for quality. This assumption has been proven wrong.

Today, nearly 7,000 colleges, universities, and professional schools in the United States are accredited (sometimes by more than one accrediting body). And institutions rarely lose accreditation. Parents and the public mistakenly believe accreditation is a good housekeeping seal of approval, proof that an institution has passed rigorous tests and is capable of ensuring students will graduate with a quality education. Sadly, that's not the case.

Higher education quality has declined under accreditors' watch. Professors Richard Arum and Josipa Roksa recently reported in their book, *Academically Adrift*, that 45% of students didn't demonstrate any significant improvement in critical thinking, reasoning, and writing skills during their first two years of college. After four years, a stunning 36% still didn't show improvement. <u>And this was among accredited colleges</u>. Meanwhile, the American Council of Trustees and Alumni has reviewed nearly 1,100 accredited colleges and universities and found that students today can graduate with vast gaps in their skills and knowledge; a mere 20% of the surveyed schools require students to study U.S. history or government; only 5% require economics, notwithstanding the importance of this subject in our global economy.

The Department of Education has, itself, documented troubling academic decline. The most recent National Assessment of Adult Literacy found that a majority of four-year *college graduates* could not compute the cost per ounce of food items or reliably compare two editorials. Employers, too, consistently report concerns that the quality of higher education is inadequate for workforce needs. We are talking about a national crisis.

Far from safeguarding taxpayer dollars and the public trust, accreditation is actually doing the opposite. In the 2011-12 school year, federal student aid amounted to $175 billion. Student debt now exceeds $1 trillion.

It is not surprising that the chorus for reform is growing—on all sides of the political spectrum—from President Obama who suggested an alternative accreditation system based on performance and results, to educators, outside experts, and citizens who are realizing that accreditation has privileged the status quo and restricted innovation in ways that undermine America's global leadership. In their book, *A Dream Deferred*, professors Stoesz, Karger and Carrilio see accreditation as nothing more than an outdated industrial-era monopoly.

There are many good people doing their best to function in a broken system. And, as you have heard today, there are many who believe that the system is sound and that amendments are all that is necessary. But I would submit to you that it's urgent for Congress to overhaul and completely modernize the quality assurance process. If we are going to achieve greater access, quality, and affordability (and we must), we need a simpler, transparent system that ensures financial stability, outlines key markers of academic quality, and allows accreditors to thrive as voluntary associations for the self-improvement of higher education.

Why is an overhaul of accreditation in the Higher Education Act needed? Let me explain six fundamental problems with the existing system.

Gatekeeping and self-improvement don't mesh. As it currently exists, accreditation is a house divided against itself. The kind of peer review that assesses and enhances quality cannot thrive alongside the gatekeeping function necessary to referee an institution's eligibility to receive federal funds—a financial life and death issue for most colleges and universities.

Accreditation is a perfect example of regulatory capture. The very people who benefit from federal funds—administrators and faculty who constitute accrediting teams—are the people who determine whether federal funds should flow. They know they will be judged by similar accrediting teams, making them unwilling to apply rigorous accountability standards. Accreditors do not ensure a certain level of educational quality; instead they insist that colleges and universities devise their own means of assessing their "institutional effectiveness." Given this self-referential system, it is no wonder that academic quality has declined under accreditors' watch.

Accreditors operate as a monopoly. Accreditors describe themselves as private voluntary membership organizations. But, quite frankly, there is nothing voluntary about them. In order to receive federal financial aid, colleges and universities **must** be accredited under existing law (and one can count on one hand those schools which do not depend on taxpayer dollars). To become accredited, institutions must pay membership dues to one of the regional or national accrediting bodies. And because the federal approval process allows the regional accrediting bodies to divide the country into regional cartels, institutions such as University of North Carolina-Chapel Hill or the University of Ohio, under existing law, effectively have only one accrediting body they can join. Accreditors, in other words, can hold a gun to the heads of college and university members that seek approval to receive federal funds.

Accreditation is a barrier to innovation and is putting our global leadership at risk. Nearly 15% of U.S. college students study without ever setting foot on campus. The lecture as the primary means of delivering learning is rapidly being replaced by new teaching methods that blend technology and classroom experiences in ways that boost student outcomes. America's leading universities and faculty are creating Massive Open Online Courses (MOOCs) in which hundreds and thousands of students from all parts of the world enroll in a single course. And students and families have, thanks to the worldwide web, a plethora of resources about colleges and universities that were not even imagined in 1952 when accreditation was first adopted. **One only need to acknowledge the changes in the higher ed landscape to realize that a change in the regulatory process—which has no framework for dealing with MOOCs and is still**

largely focused on the traditional constituencies of four-year bricks and mortar institutions—is long overdue.

Accreditation is too costly. At a time of limited resources, accreditation adds to institutional costs without providing clear benefits. Princeton provost and incoming president Christopher Eisgruber (Appendix A)—in recent written testimony to the Department of Education's National Advisory Committee on Institutional Quality and Integrity—explained that the cost of federally-mandated accreditation often exceeds $1 million for a single institution and hundreds of hours of staff time. Stanford calculated that in 2009-10, it expended well over a million dollars towards reaccreditation, without even tallying the costs of the six years needed for the entire reaccreditation process. Vanderbilt University estimated that it devoted 5,000+ hours to accreditation-related work annually and that its School of Engineering devoted 6,250-8,000 hours annually, in years when reports were not due. The University of Michigan estimated $1.3 million direct and indirect costs. And this does not even begin to address the costs necessitated by other input-based standards, lengthy approval processes for institutional changes, and opportunity costs.

Accreditation interferes with institutional autonomy. Rather than ensuring "educational quality," accreditors have increasingly intruded in governance and institutional matters to tie the hands of America's colleges and universities. The ABA, which accredits many law schools, currently insists on a certain percentage of tenured professors, limits the amount of online learning, and compels a minimum number of instructional hours, all of which micromanage how a law school may be run—not to mention add cost. In 2012, although current University of Virginia policies reserve complete authority to the board in matters of hiring and firing a president, the Southern Association of Colleges and Schools placed UVA on warning, concluding that the University failed to comply with standards regarding governing processes and failed to consult the faculty before terminating the president. This is not the first time accreditors have engaged in what amounts to a power play with leaders on campus. In written testimony to NACIQI, then president of Dartmouth, Jim Yong Kim, now head of the World Bank, criticized accreditors for often substituting their own judgment for that of an institution's trustees and administrators. And former University of Colorado president Hank Brown concurred in a *Wall Street Journal* column calling on Congress to overhaul the failed accreditation system “before it’s too late” (Appendix B).

That’s why the time has come to replace accreditation as the linchpin of federal student aid.

I’d like to outline one option which has received support from Republican and Democratic members of NACIQI and been submitted to Secretary Arne Duncan in response to his request for advice on HEA reauthorization. Over a quarter of those voting supported the alternative, submitted by Neal and Arthur Rothkopf, former president of Lafayette College (Appendix C). This alternative would ensure baseline financial protection and provide key data on student learning in a far simpler and transparent system of quality assurance. <u>And it would break the link between federal student aid and accreditation</u>.

To protect the federal dollar, institutions would establish their financial stability, as they must do today, and post a statement on their websites, certified by an independent auditor, that they have sufficient resources to ensure that all enrolled students can be supported to the completion of their degrees. If the statement is not supplied, or is found inaccurate by the independent auditor, federal funds would be cut off. Alternatively, institutions could present a bond.

At the same time, schools would be required to provide families key information in a clear and readily accessible format on an **annual** basis, including cost of attendance; degree programs; graduation rates disaggregated by demographics; student loan default rates; student outcomes measured by licensure test results; and job placement rates—much of which is already collected for the Department of Education’s College Navigator site. This could again be independently certified so that if the data is falsified or inaccurate, federal funds would be cut off.

Removing the gatekeeping function for Title IV puts all institutions on a level playing-field in terms of access to federal funds. At the same time, this alternative provides more consumer protection and quality assurance than the current accreditation system provides.

And let me be clear. This alternative would not create any new federal benchmarks or insert the federal government into the workings of our colleges and universities. It would, instead, empower individuals to make their own educated choices and allow institutions to focus on key metrics of student success. Indeed, the proposal takes its cue from Stanford provost John

Etchemendy, who stated in written testimony that, “accreditation is no substitute for public opinion and market forces as a guide to the value of the education we offer.”

This new system would model transparency and accountability, and it would be a considerable contrast to the existing accreditation system whose stamp of approval offers virtually no public information. If you look at the websites of accredited institutions in your Districts, you will find little more than that the school is accredited, and, on occasion, a disclaimer—even more disquieting—namely, that the accreditation does not apply to any programs at the school, only the institution.

Meanwhile, accreditors would return to their original function—voluntary institutional self-improvement—where their judgment would reflect the best practices of their peers and no longer be confused by the competing and contradictory gatekeeping role. They would offer their stamp of approval in education much as the very distinguished LEED system does in architecture. There, through voluntary standards, LEED has made Gold, Silver, and Platinum universally-recognized in the marketplace for environmentally-friendly construction. The power of the LEED imprimatur rests in the honest and objective application of meaningful criteria—and needs no governmental mandate.

There is no time to wait. It’s time to realize accreditation as a gatekeeper for federal student aid is ineffective and intrusive. If we want to lower the cost to colleges and universities and reduce federal intrusion in higher education, we can start by demanding an end to this opaque, outdated regulatory system that benefits college insiders—at the expense of students and taxpayers.

Appendix A

May 26, 2011

Susan D. Phillips
Provost and Vice President for Academic Affairs
State University of New York at Albany
Albany, NY 12222

Dear Chairman Phillips,

This letter responds to your request for comments regarding the *regulatory burden* and *data needs* imposed by accreditation requirements for institutions of higher education. We are grateful for the opportunity to comment upon these burdens, because in recent years they have escalated dramatically and without justification.

At Princeton, where our next decennial reaccreditation is more than two years away, we are currently recruiting a new full-time Assistant Dean of the College to meet the demands of the accreditation process. The Assistant Dean will work roughly half-time on accreditation. The remainder of the Assistant Dean's time will be devoted to tasks now performed by the Deputy Dean of the College, who will use the liberated time to lead Princeton's reaccreditation effort. Although the Deputy Dean and the newly hired Assistant Dean will have principal responsibility for the reaccreditation project, Princeton expects that many other cabinet-level and sub-cabinet officials will have to dedicate substantial fractions of their time to reaccreditation. These officials include the Dean of the College, the Dean of the Graduate School, the Vice Provost for Academic Programs, the Vice Provost for Institutional Research, the Budget Director and Associate Provost for Finance, the Registrar, and the Associate Registrar for Reporting and Institutional Research. We anticipate that the President, the Provost, and multiple faculty members and committees will also have to spend substantial amounts of time on the effort.

The total cost of this work will undoubtedly be high. Indeed, the experiences of our peers provide some startling benchmarks by which to forecast the ultimate price tag:

- Stanford University calculates that in 2009-10 it expended $849,000 for the portions of staff time that were formally dedicated to its reaccreditation effort. Stanford's estimate does not include travel expenses or the time of faculty members and others participating in the project; Stanford estimates that the all-in cost would exceed $1 million for the year. The estimate, moreover, is for only a single year: Stanford has been working on achieving reaccreditation for four years and has two more remaining.

- Cornell University describes its most recent reaccreditation effort as a 2.5 year project that required substantial work from seventy-five people, including forty staff members, twenty-two faculty members, five trustees, and eight students. Cornell expended more than $300,000 in addition to the salaries of the staff members who worked on the project.

- Vanderbilt University estimates that its College of Arts and Sciences devotes 5000+ hours to accreditation-related work annually and that its School of Engineering devotes 6250-8000 hours of work to such efforts annually; these are baseline workloads, and Vanderbilt notes that they are even higher in years when reports are due.

- Duke University reports that it incurred roughly $1.5 million in costs, mostly for faculty and staff time, in the last two years of its most recent decennial review. In addition, Duke now spends more than $500,000 annually to comply with the accreditor's ongoing demands pertaining to academic assessment and related matters.

- The University of Michigan incurred direct costs of more than $1 million over a four-year period in connection with its accreditation review in 2010. Michigan estimates its indirect costs for the review at more than $300,000, a number that still does not include the time of faculty and staff across the University who provided information and other assistance to its reaccreditation team. The $1.3 million total of direct and indirect costs is roughly four times greater than what Michigan spent on its previous accreditation review.

These burdens are huge by any standard but they become even more disturbing when supplemented by two other observations. The first is that Stanford, Cornell, Vanderbilt, Duke, Michigan, and Princeton are universally recognized as leading universities in the world. Students from throughout America and around the globe covet the opportunity to study at these places, and professors from around the world covet the opportunity to teach and conduct research there. We agree that all universities must participate in periodic accreditation proceedings, but the system is broken if it takes multiple years, and millions of dollars, to verify that Stanford, Cornell, Vanderbilt, Duke, Michigan, or Princeton should be recognized as an accredited provider of higher education.

The second observation is that all this work provides little educational benefit. Investments must be judged against their return, and the staggering expenditures required by the reaccreditation process would be more tolerable if they produced valuable improvements in educational quality. Reaccreditation reviews, if tailored to and informed by appropriate educational judgment, can provide institutions with valuable feedback: Princeton, for example, has benefited from the advice it received from peer review teams during past reaccreditation processes. Unfortunately, however, the increasing burdens that plague the reaccreditation system today have no such compensating virtues. On the contrary, they arise because accreditors are increasingly substituting pointless data collection demands for informed peer judgment.

Princeton witnessed a striking illustration of this trend in connection with its recent mid-term review. The external evaluators who analyzed Princeton's Periodic Review Report on behalf of the Middle States Commission on Higher Education described the University's assessment plan, which relies heavily on peer review, as appropriate to the University's mission. The evaluators—Provost Tom Apple from the University of Delaware and Provost Mark Kamlet from Carnegie Mellon University—went on to characterize Princeton's assessment efforts as "impressive." The Commission, however, ignored the judgment of its own peer review team and requested a "progress letter … documenting comprehensive, integrated, and sustained processes to assess institutional effectiveness and student learning outcomes …." Princeton's academic leadership then met with a delegation from the Commission to try to understand this surprising decision. During the meeting, President Shirley Tilghman asked what Princeton should be doing in addition to the work that the Commission's own reviewers regarded so favorably. One commissioner responded by praising another university which, he said, had filled an entire room with black three-ring binders stuffed with documents. Remarkably, the commissioner said nothing about the content of the binders. What matters most to him, apparently, is simply the volume of data collected. Peer judgment is out, bureaucratic data collection is in, and the resulting burden is severe.

We believe, as President Shirley Tilghman said in her letter of January 14, 2011, that the roots of these problems are structural: a regional system of accreditation, in which geographically-defined agencies try to design standards that apply to vastly different kinds of higher education institutions, no longer serves this country well. Whether or not our diagnosis is correct, it has become distressingly obvious that the burdens imposed by the current system are impairing education and driving up its cost rather than improving it. We are grateful to NACIQI for its willingness to examine this problem and encourage creative solutions to it.

Sincerely,

Christopher L. Eisgruber

Appendix B

THE WALL STREET JOURNAL

By HANK BROWN | January 15, 2013

The Rise of the Accreditor as Big Man on Campus

The gatekeepers of federal student aid wield too much influence in higher education.

Who's in charge of our colleges and universities—their boards of trustees or the accreditation organizations that are the gatekeepers of federal aid? That's the question I'm left asking after a decision by the Southern Association of Colleges (SACS), one of six regional accreditors recognized by the U.S. Department of Education and the Council for Higher Education Accreditation, to put the University of Virginia, founded in 1819 by no less than Thomas Jefferson, on "warning."

SACS's action comes in the wake of efforts by the University of Virginia's governing board this summer—later reversed—to remove President Teresa Sullivan in favor of a leader more aggressively focused on cost controls. After months of criticism and second-guessing of the board's decision, last month the accreditor sanctioned the university and placed it on a warning status pending further investigation.

As the former president of two universities, I know this is not the first time accreditors have inappropriately injected themselves into governance issues and contributed to the breakdown of oversight in higher education. As the organizations that control access to federal student aid, accreditors hold much sway over colleges and universities. When they interfere with institutional autonomy there are few trustees—or presidents for that matter—who are willing to cry foul.

Accreditors are supposed to protect students and taxpayers by ensuring that federal aid flows only to schools with "educational quality." But accreditors increasingly interfere in institutional decision-making and use their bully authority to tie the hands of colleges and universities. Frankly, there's nothing more intimidating to schools—public or private—than the threat of losing accreditation and with it federal financial aid. That's why most presidents and trustees quietly accede to accreditors' demands.

When it comes to accreditors' real assignment—ensuring educational quality—the record is dismal. According to the 2003 National Assessment of Adult Literacy, conducted by the Department of Education's National Center for Education Statistics, the literacy of college-educated citizens dropped significantly between 1992 and 2003. Of college graduates, only 31% were classified as proficient in reading compared with 40% in 1992.

Academic rigor has also declined, evidenced by rampant grade inflation. Fully 43% of all grades at four-year universities today are As. Given this low bar, it is perhaps not surprising that the National Assessment of Adult Literacy found that a majority of four-year college graduates—yes, college graduates—were unable to satisfactorily compare two editorials or compute and compare the cost per ounce of food items. Is it any wonder that employers consistently report that college graduates lack the skills and knowledge needed for America to compete in the global work force?

Under the accreditors' watch, student-loan debt in the United States has topped a trillion dollars, exceeding that of credit-card debt. That's outrageous. Yet taxpayer dollars are still on the line, as the student-loan default rate climbs, and students continue to borrow and borrow. This serves neither the interests of taxpayers nor students. By almost any measure, the accreditation system designed to protect the taxpayer and ensure quality is a public policy and regulatory failure.

For decades, these accreditors have effectively guarded the status quo, focusing on process and resources rather than on educational excellence. The law school accreditor, the American Bar Association, for example, demands a certain percentage of tenured professors at each school and limits the amount of online learning that can be offered.

The accrediting body known as the Western Association of Schools and Colleges has repeatedly undermined institutional decision-making. Most famously, in 1992 it threatened the accreditation of California's Thomas Aquinas College unless it changed its exemplary Great Books curriculum of classic readings, a central component of that Catholic institution's course work, to make it more "open." At least the accreditors had the wisdom to back down.

In 2007, when the University of California regents attempted to deal with runaway administrative costs through modest salary and benefit changes, they found themselves spending precious time responding to accreditor complaints that trustees were "unnecessarily harsh" with administrators. These are not isolated incidents. Across the country, boards of trustees are being effectively sidelined in their oversight responsibility, in deference to accreditor pressure.

The American Council of Trustees and Alumni recently filed a complaint with the Department of Education decrying SACS's interference with the University of Virginia governance powers and processes established by Thomas Jefferson himself. Anyone who knows American history, and regrettably few students do, would realize that Jefferson would be mighty upset to learn that a bunch of federally empowered bureaucrats are overstepping their authority and interfering with the internal governance of his university.

Let us hope that the Department of Education makes it clear to SACS and the rest of the accreditors that they are out of line. Accreditors should concern themselves with the quality of the education an institution provides and not the politics, squabbles and decision-making processes of trustees. If accreditors are allowed to overrule trustees' decisions, American higher education will lose the diversity, flexibility and independence that has made it great.

It is time for the University of Virginia and presidents and boards across the country to say no to this meddling, and it is time Congress recognizes what a failure the system of accreditation has been. Over the years, accreditation has increased costs without protecting quality. A new, transparent system of quality assurance is needed to protect the public—before it's too late.

Mr. Brown is a former U.S. senator from Colorado and former president of the University of Colorado and University of Northern Colorado.

Appendix C

Alternative to the NACIQI Draft Final Report

Submitted by Anne Neal and Arthur Rothkopf

March 16, 2012

Recommendation: Break the link between federal student aid and accreditation.

The federal government currently spends over $175 billion in student financial aid, and cumulative student loan debt already exceeds one trillion dollars. Clearly, the federal government has a rightful interest in the accountability of American higher education[1]. However, the current system designed to ensure academic accountability – accreditation – is dysfunctional and neither protects the federal dollar nor ensures academic quality.

Far from being the generally "admirable" system of quality assurance outlined in the draft final report, accreditation is a broken system. With accreditors as gatekeepers, nearly 7000 colleges and universities across the country are accredited and have access to federal funds[2]. Once accredited, institutions rarely lose their accreditation. And yet the Department's own National Assessment of Adult Literacy finds that a majority of four-year college graduates could not reliably compare two editorials or compute the cost per ounce of food items[3]. Professor Richard Arum of New York University – who appeared before NACIQI – and Professor Josipa Roksa of the University of Virginia reported that more than half of the students they surveyed at a wide range of accredited colleges and universities learned little or nothing in their first two years[4]. Employers consistently report concerns that the quality of higher education is inadequate for workplace needs[5]. This is not quality assurance and we shouldn't pretend otherwise.

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[1] To our knowledge, the accreditation system is highly unusual in outsourcing to private entities decision-making over such significant sums of taxpayer money, especially given the conflicts of interest and inconsistencies in the application of accrediting standards.

[2] CHEA Fact Sheet #1, Profile of Accreditation, revised, August 2011: "6632 accredited institutions were certified to participate in the federal Title IV (Student Assistance) Program in 2008-2009."

[3] Mark Kutner, Elizabeth Greenberg, and Justin Baer, A First Look at the Literacy of America's Adults in the 21st Century (Jessup, MD: National Center for Education Statistics, 2005) http://nces.ed.gov/NAAL/PDF/2006470.PDF

[4] Richard Arum and Josipa Roksa, Academically Adrift (Chicago: University of Chicago Press, 2011).

[5] Linda Barrington, Jill Casner-Lotto, Are They Really Ready to Work? Employers' Perspectives on the Basic Knowledge and Applied Skills of New Entrants to the 21st Century U.S. Workforce (The Conference Board, Corporate Voices for Working Families, The Partnership for 21st Century Skills, and the Society for Human Resource Management [New York, NY and Washington, DC: 2006]) http://www.p21.org/storage/documents/FINAL_REPORT_PDF09-29-06.pdf; Raising the Bar.

A substantial part of the problem lies in the dual – and conflicting—nature of accreditation. The accreditors want to be gatekeepers for federal funding on the one hand and self-improvement experts on the other. The two roles simply do not mesh. The combination of these two functions, says the draft final report, is the best system available because it is nongovernmental and imports the voluntary system of quality assurance and self-improvement that existed before the adoption of the Higher Education Act.

But accreditors are not, in fact, voluntary private actors. As gatekeepers of federal financial aid, accreditors function as agents of the federal government. They have the ability to permit or withhold federal funds – a matter of life and death for institutions. It is because of this very powerful role that a number of institutional witnesses raised serious concerns about growing regulatory prescriptions and intrusiveness, and about inconsistencies in findings in the accreditation process. Notably, a significant number of the recommendations in the draft final report risk creating an even more intrusive accreditation system– that will raise costs and impinge on institutional autonomy.

The draft final report would have it both ways. It wants accreditors to continue to act as private peer review teams, but then seeks special federal intervention – such as insurance coverage for the "more risky litigation-prone elements" of gatekeeping. If accreditors genuinely want to be private peer review teams, they can be – by returning to the voluntary system of quality assurance and self-improvement that existed before they were made gatekeepers of federal funds[6]. Delinking accreditors from their federal gatekeeper role is essential to achieving this end[7]. Neither the federal government nor accrediting agencies acting as its surrogate can address the complex issues that comprise academic quality.

It is time to return to the original vision of accreditation: peer institutions advising and critiquing one another in a voluntary, yet rigorous system of self-improvement.

Employers' Views on College Learning in the Wake of the Economic Downturn (Hart Research Associates, Washington, DC: 2010) http://www.aacu.org/leap/documents/2009_EmployerSurvey.pdf.

[6] The Veterans' Readjustment Assistance Act of 1952 stipulated that students could only use funding provided by the Act to attend accredited institutions. The gatekeeping role of accreditation was augmented further with the 1965 Higher Education Act which created new comprehensive federal student aid programs which only accredited schools were eligible to administer. See further: Peter T. Ewell, U.S. Accreditation and the Future of Quality Assurance. A Tenth Anniversary Report from the Council for Higher Education Accreditation (Council on Higher Education Accreditation, Washington, DC: 2008) 40.

[7] Note the critique that the president of CHEA, Judith Eaton, offers of the draft final report in CHEAmail 8.1 (February 22, 2012). Dr. Eaton emphasizes the necessity of reducing, rather than increasing the federal role in institutional improvement: "In contrast to the path of greater federal involvement proposed by the report, robust institutional and faculty leadership for quality and accountability builds on the strengths that have brought the higher education enterprise to where it is today and offers greater promise to students and society."

This would also eliminate the serious conflicts of interest that exist under the accreditation system. Funding of the accrediting agencies comes from the same institutions they are supposed to regulate. The very people who benefit from federal funds, moreover – administrators and faculty who constitute accrediting teams – are the self-same people that determine whether federal funds should flow. They know they will in turn be judged by similar accrediting teams, making them loath to apply rigorous quality measures. It is as if the Federal Government allowed banks to decide which banks are safe and then empowered them to determine those eligible for access to Federal Reserve loans and other benefits.

Accreditation currently gives students and parents a false sense that accredited schools have passed a meaningful test of quality when they have not. Real public accountability cannot and should not be imposed by accreditors but should come from the institutions themselves. And this accountability can be provided far more cheaply and more effectively by simply demanding evidence of financial stability and transparent consumer information.

Recommendation: Initiate a new simplified and cost-effective system of quality assurance that tells the public what it needs to know and protects taxpayer dollars.

Financial assurance: Currently, the federal government undertakes a baseline financial review to ensure institutional solvency. This review should continue with the understanding that the Department should enforce it stringently – refusing financial aid to students at those schools that are not financially sound. In addition, institutions should be required to post a statement, certified by an independent auditor, that they have sufficient resources to ensure that all enrolled students can be supported to the completion of their degrees. If that statement is not supplied, federal funds would be cut off.

Consumer information on key measures of quality: In the days before families could research institutions online, accreditation offered a voluntary seal of approval that said these colleges and universities offer a quality curriculum. But public information today is both cheap and simple. The existing system of largely opaque self-studies and reviews provides little information to the public and obscures whether or not institutions are doing a good job of educating their students.

To address the need for public accountability and quality assurance, institutions should be required to provide a set of basic information – much of which is already collected for the Department of Education's College Navigator site – on their homepages (along with the certification described above) that will present in a clear and accessible format key data for quality and affordability:

- Tuition, fees, cost of attendance, net cost and available financial aid

- Degree programs offered
- Graduation rates, disaggregated by demographics; transfer rates as available
- Retention rates
- Student loan default rates
- Student outcomes: licensure test results (as appropriate); value-added assessments of collegiate skills, if utilized; job placement rates. Institutions may, at their discretion, include other information for consumers such as alumni and employer satisfaction data; graduate or professional school placement data; and the nature and requirements of their degree programs.
- Other data that the United States Congress deems appropriate.
- Substantial penalties would apply to falsification of these metrics.

The Department of Education should also post the information on its website in an accessible and understandable way.

Recommendation: Reduce the cost of higher education by eliminating the cost of federally mandated accreditation.

In its recommendations, the majority concludes that accreditation is "cost effective." In fact, it is not. Witnesses to NACIQI uniformly suggested that accreditation is contributing to the crippling cost of higher education. In testimony, Princeton Provost Christopher Eisgruber explained that the cost of federally-mandated accreditation often exceeds $1 million for a single institution and hundreds of hours of staff time. Stanford Provost John Etchemendy argued that "accreditation is no substitute for public opinion and market forces as a guide to the value of the education we offer."[8] We agree.

Not only does accreditation raise costs, it also seriously undermines institutional autonomy. When Congress decided to make accreditors gatekeepers of federal financial aid, it did so in the belief that faculty and administrators would protect the autonomy of American higher education. In fact, a substantial number of witnesses—institutions currently accredited – argue that the accrediting staffs have started to substitute their own regulatory agendas for those of our colleges and universities.

In written testimony, Dartmouth President Jim Yong Kim raised concerns that accreditation staff often substitute their own judgment for that of an institution's trustees and administrators.

[8] NACIQI received substantial testimony on the costs of accreditation. And many parties supported a comprehensive study of costs including ACE, AAU, Norwalk Community College and Bristol Community College. A motion calling for a specific study of the cost of accreditation was voted down on the grounds that the costs were self-evident. Yet the draft final report claims that accreditation is cost-effective.

Delinking accreditation from the gatekeeper role would address this problem. Congress should give institutions the freedom to use their own best judgment on how to carry out their educational objectives most effectively, provided that they make available to the public the data it needs to make informed choices. At the same time, accreditors would play an ever more important role in voluntary quality improvement.

Recommendation: Break the accreditor monopoly.

The current regional structure of accreditation is "increasingly unsuited to American higher education" and can "constrain innovation, creativity, and improvement." Those were the words of President Kim of Dartmouth and Princeton President Shirley Tilghman, and we are in full agreement. At a time when higher education is global in nature and geographic boundaries have been eliminated by the realities of the Internet, retaining the regional limitations will simply maintain anticompetitive cartels.

Recommendation: Create a consumer-friendly expedited alternative.

Congress should, at the very least, create a consumer-friendly expedited alternative for reaccreditation, allowing previously accredited institutions to certify key information about financial solvency and key measures of quality (as outlined above). [9]

At the present time, accreditation offers a misleading reassurance to the public that an institution that bears its seal of approval offers a quality education and good value for the investment of public and private funds. As such, it is an expensive, counterproductive system. The recommendations described above offer effective alternatives to those presented in the draft final report. Their advantages rest in making the key elements of consumer protection clearer and more accessible to the public, while setting accreditation free to resume its traditional role of encouraging best practices and continuous quality improvement.

[9] In testimony submitted, a range of parties expressed interest in an expedited option including Princeton University, C-RAC, ACE, and AAU.