



Putting the Customer First in College

Why We Need an Office of Consumer Protection in Higher Education

By Louis Soares | November 2009

Introduction

The U.S. higher education marketplace is complex. It boasts multiple stakeholders, among them taxpayers, parents, federal and state governments, colleges and universities and of course the students. But there is only one real customer—the individual who chooses to pursue an education.

Students make customer choices based on available information, interests, abilities and life circumstances that will mostly determine whether they succeed in obtaining an education with a meaningful credential. The problem is our higher education marketplace today does not account for this customer focus that is so important to success. In large measure, this is because education policies that guide this marketplace are largely crafted by the dominant voices in higher education—colleges and universities with the resources to sway elected officials. Students as customers have no voice for students in this policy conversation.

Bringing a customer focus to higher education would empower students as customers and, especially for low-income students, provide information and support to make postsecondary education a viable option amid their work and life responsibilities. Customer focus can help build a student-centric higher education system that delivers quality, flexible learning experiences that lead to educational credentials for personal growth and career success.

In most sectors of our economy, customer focus is paramount, as it should be in education, too. Customer focus could yield a more student-centric system through the development and dissemination of user-friendly “truth-in-education” information that helps students make “best-fit” choices regarding which education provider to select based on customer preferences such as: academic quality, price, convenience, learning style, beginning education level and the anticipated return on their investment in education. After all, an estimated 60 percent of undergraduate students are not on the “four-years-and-graduate” program, instead attending classes in a variety of non-traditional ways at multiple institutions over many years.

Customer focus has an additional benefit. Understanding how students make choices and actually experience higher education in many different ways would benefit all the other stakeholders who invest in a students' education, among them parents, taxpayers, and the educational institutions themselves.

Developing a student-centric focus for higher education and using it to empower customer choice will require a neutral, independent voice that is equally capable of gathering U.S. Department of Education data and analysis to provide critical customer information as well as providing a national voice to help students find the best education providers given their needs and educational desires. The Department of Education should take on this ombudsman role by forming, a quasi-independent, Office of Consumer Protection in Higher Education.¹ This new office should:

- Produce a College Customer Bill of Rights that enforces truth in advertising regarding: academic quality, student services and support and flexibility and convenience.
- Ensure that mandated federal data gathering, assembly, analysis and presentation are conducted in ways that empowers students with usable customer information.
- Be an ombudsman for students with state officials and regional accrediting agencies to integrate and publish “truth-in-education” customer data and direct student customers to the appropriate officials when they have grievances with their education provider.

It is time our nation had public policies and institutions that provide for the needs of their customers, the students, by building a student-centric higher education system.

College Customer Bill of Rights

From a student's point of view, the postsecondary education marketplace in the United States is a complex mix of 4,900 suppliers with a variety of offerings and missions as well as different quality and performance records. Alas, there is relatively little in the way of information that might help students better understand which university, community college or proprietary institution might be the best fit given learning style, financial situation and life circumstances. It is nearly impossible, for example, for low-income students to find information on the quality of community college apprenticeship programs or developmental education services or how effective an institution is at helping working adults persist to degree completion.

The data that does exist is geared more toward public officials making decisions about investment in financial affordability rather than toward providing information relevant to students purchasing higher education services. Similarly, the current data gathered by the Department of Education into the Integrated Postsecondary Education Data System database counts only first-time, full-time students in its summation of undergraduates. These data discount millions of individuals who are now part-time and/or returning students.

Our proposed Office of Consumer Protection in Higher Education would oversee this data collection and develop a College Customer Bill of Rights,² which requires all institutions approved to receive federal financial aid to adhere to the following recruiting, marketing and student services practices:

- Provide accurate information about a school's programs, requirements, accreditation, and its potential impact on course transferability.
- Provide access to basic college-university information and fees without disclosure of student personal information.
- Offer educational planning and career guidance without high-pressure registration and enrollment efforts from institutions.
- Publish a clear and complete explanation of course-program enrollment procedures and all resulting financial obligations.
- Allow students to explore, without coercion, all financial aid options before signing up for student loans or other financial assistance.
- Provide appropriate academic screening and course placement based on student readiness.
- Offer appropriate, accessible academic and student support services.
- Publish accurate information about student graduation rates by program, job placement and salaries, and loan default rates.
- Establish a clearly defined grievance-appeals processes.

These practices will help students make “best-fit” customer choices as to where to go to college and provide a supportive environment that promotes their success.

Customer information

College customer profile

As noted above, very little data is available to help prospective students to select appropriate education providers based on their quality, flexibility or fit for lifestyle. This type of information is not available today in part because public policymakers and educational institutions gather data for their purposes rather than to empower customer choice. We need a framework for gathering data that promotes customer choice and provides policymakers and institutions with needed information to facilitate student success.

The Office of Consumer Protection in Higher Education will develop a customer profile framework that will be used to expand the National Center for Education Statistics database of collected statistics so that it includes data that empower student-as-customer choice. The new office would focus on a framework around three student characteristics:

- What intrinsically helps student to learn, their learning style, in different work and life situations.

- What purchasing preferences are available given the financial and life circumstances that drive educational choice, such as quality, price, convenience, and flexibility.
- What level of literacy and previous educational experience are students beginning their current educational journey.

The Office of Consumer Protection in Higher Education would use this framework to propose new criteria for assembling data on student preferences, learning and outcomes to guide public policy and inform education provider practice.

Technology tools to empower customer choice

Once gathered, this data will need to be presented in ways that are easy for student customers to understand and use. That in turn will spark federal and state governments to craft entirely new ways of thinking about how to help students make use of data gathered to empower customer choice. Technology can play a key role in organizing this data into usable form.

This new agency would maintain its own online “Consumer Reports-like” rating tools based on the new customer profile as well as provide access to web-based, social media that create on-going customer dialogues regarding college quality and outcomes.

College customer ombudsman

College is expensive. After adjusting for financial aid, the amount families pay for college skyrocketed 432 percent since 1982. Students are showing the strain of this increase. A recent report by the Department of Education showed an increase of loan defaults for the 2007 student cohort over the 2006 group—the default rate rose to 6.7 percent in 2007 from 5.2 percent in 2006.

The default rate causes great concern among families and policymakers, yet it draws our focus to the tail-end of the college experience. The default rate is a poor proxy and a trailing indicator resulting from a series of decisions—from where to attend college, what to study, how to pay for it, and how to mix work and learning. Each of these decisions can influence whether a student will be able to complete a course of study and receive a credential.

Neither the Department of Education nor accrediting bodies nor colleges and universities currently gather and disseminate the kind of data that will help students make these incremental decisions that will yield long-term success in higher education. Each of these players in high education has its own organizational reasons for what data they collect and how it informs internal decision-making. Whether managing a federal agency budget, re-accrediting a member institution or protecting a college’s brand, there is an inherent

tension between the organizational needs of these various players and the data-gathering that ideally detail the customer experience of students in higher education in a way that sheds light on how to improve their success.

A neutral and independent ombudsman is needed to ensure “student-as-customer” information empowers customer choice and informs federal and state policy development.³ This ombudsman role should be undertaken by our proposed Office of Consumer Protection in Higher Education, which should take over and expand the role of the current office of the Federal Student Aid Ombudsman. This office currently provides problem resolution for student loan defaults. Our proposed new office also should establish a network of 10 regional College Customer Ombudsmen to:

- Ensure higher education institutions practices are in keeping with the College Customer Bill of Rights.
- Work with state officials, regional accrediting bodies, and student and parent organizations to ensure that data gathered are useful to inform customer choice.
- Review and comment on actions by state and accrediting bodies as pertains to promoting “truth in education” transparency.
- Help to disseminate information about changes in federal, state and accrediting body regulations.
- Conduct studies to evaluate the effectiveness of customer-friendly data in making college choices.
- Refer individuals with questions regarding education provider practices to the appropriate authorities: federal, state and accrediting body.
- Monitor complaints regarding education provider practices to spot trends that can improve customer information.

This new ombudsman role would ensure that students’ rights as customers of institutions of higher learning had a vocal advocate in government.

Conclusion

The lack of good information about the quality and value of higher education is creating a situation in which student-customers bear most of the risk for their long-term investment in their own education with little insight into what would work best for them. Further, this information-poor environment prevents other investors in a students’ education—among them taxpayers and parents—from knowing if they are getting a reasonable return on investment.

The Office of Consumer Protection in Higher Education can be a powerful agent for righting this imbalance of knowledge and helping students succeed in college and save money to boot.

Endnotes

- 1 In federal policy, the U.S. Small Business Administration, Office of Advocacy, and the National Transportation Safety Board provide loose operating models for the OCPHE.
- 2 This College Customer Bill of Rights is based on the model promulgated by the Service Members Opportunity College, a network of institutions that provides educational services to both active duty soldiers and veterans.
- 3 This proposal is based on a hybrid of the Federal Student Aid Ombudsman Office and the U.S. Small Business Administration's regional advocates organization, American Bar Association description of Ombudsman role, available at <http://www.abanet.org/dch/committee.cfm?com=AL322500>.