Center for American Progress

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A Quality Alternative

A New Vision for Higher Education Accreditation

By Ben Miller, David Bergeron, and Carmel Martin   October 2016

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Introduction and summary

The federal student financial aid programs have the single greatest effect on the shape and structure of America's higher education system. Because so many students and the institutions that serve them are dependent upon a portion of this $120 billion annual investment, the requirements for accessing these funds play a substantial role in guiding how colleges and universities operate. [1]

For instance, the number and size of fully online programs only started growing dramatically after they became eligible for federal aid.[2] Similarly, few colleges experiment with alternative ways of measuring coursework or learning because federal aid programs typically calculate student awards using credit hours—an American innovation designed at the end of the 19th century.[3]

The process of deciding which educational providers can access federal financial aid thus represents a tremendous opportunity for ensuring that America's higher education system can keep up with the challenges it faces today. For example, changes to the eligibility process can encourage the development of new and innovative providers of higher education that bear little resemblance to the stereotypical brick-and-mortar institution. These needed changes can also encourage higher education to focus more on college completion and quality than they do today.

This report outlines a vision for an alternative gatekeeping system for granting access to federal financial aid. It explains the structure of this new system and makes the case for why it would spur innovation while protecting consumers. To be clear, this system would act as a complementary competitor, not a replacement of the current process of granting access to federal financial aid. The existing gatekeeping mechanism is used by too many institutions to remove it at this time.

Educational providers seeking to participate under the new alternative structure would have to meet rigorous and ambitious standards for student achievement and financial health. These standards, including the measures used and necessary benchmarks for participation, would be set by independent third parties and could vary by type of program. The federal government, however, would handle data definition, collection, and verification, as well as enforcement of the standards. The U.S. Department of Education would also regularly monitor the system to determine if the standards produce a high enough bar for institutional performance.

The creation of a streamlined, outcomes-focused alternative system for granting access to federal aid dollars can play a key role in solving pressing challenges in postsecondary education. A greater focus on results can push schools to improve upon the fact that more than one-quarter of first-time college freshmen drop out within their first year or that only around 60 percent of these students eventually graduate.[4] Looking beyond completion to questions of return on investment can hold institutions accountable when graduates lack the necessary skills to succeed or they cannot afford to repay their student loans.[5] And since this system focuses on results rather than the process to get there, providers would be freer to experiment with new ways of teaching and learning. These innovations should particularly help the growing number of older students in higher education who want more flexible educational experiences that are not rooted in the stereotypical postsecondary experience of attending college full time while living in a residential dormitory.[6]

Adapting the higher education system to address the completion, quality, and learning needs of today matters a great deal for the nation, too. According to a 2011 study by the Georgetown University Center on Education and the Workforce, low rates of postsecondary attainment over the past several decades increased economic inequality.[7] That same study also found that raising the percentage of Americans who finish college to levels closer to the best-educated countries would add hundreds of billions of dollars to our gross domestic product, or GDP.

If implemented, this new system would provide a pathway to address America's completion and quality challenges through desperately needed innovation. And it would do so while establishing strong requirements to ensure that students and taxpayers get their money's worth. It would judge programs based on high standards for what matters and no longer play bureaucrat for what does not. It would draw on the best parts of third-party oversight while correcting its weaknesses. The result would be a system that is less burdensome for educational providers, ensures more protection for students, and encourages the competition and innovation that the nation's current higher education system lacks.

Components of the alternative gatekeeping system

1. High standards for student outcomes and financial health
2. Standards set by private third parties
3. Data definition, collection, and verification, as well as enforcement of standards done by the federal government

The current gatekeeping system

The current gatekeeping process for federal financial aid relies largely on what are known as accreditation agencies. These private nonprofit organizations establish standards for educational institutions and then review those institutions to ensure that they meet accreditation requirements. By law, these standards must cover a wide range of areas across essentially every part of an institution, including finances, faculty, curricula, resources, learning, and student outcomes.[8]

Accreditors are self-regulating membership organizations. This means that agencies' revenue comes almost entirely from dues and fees paid by the institutions they oversee.[9] This includes annual sustaining fees, as well as payments for specific functions such as an initial review to judge if an institution meets standards for approval or special visits if an institution faces a sanction.[10] This financial arrangement creates potential conflicts of interest, where an accreditor is both a membership organization beholden to the institutions that pay it for its continued existence but also tasked with overseeing these schools and evaluating their quality. Terminating a member institution's approval thus results in lost revenue for the accreditation agency.

Accreditors evaluate whether an institution meets its standards through a combination of written documents and on-site visits. Institutions up for review have to produce a self-study that lays out how they are or are not meeting an accreditor's standards. These standards tend to be very process-oriented or heavily reliant on institutions simply judging themselves against performance standards they choose. For example, the Higher Learning Commission—the largest accreditation agency—requires institutions to set goals for student retention and persistence but only requires that they be "ambitious but attainable and appropriate to [the institution's] mission."[11] Similarly, the Northwest Commisson on Colleges and Universities' standards require institutions to clearly identify learning outcomes but do not say what types of results are acceptable or what level of performance a school must achieve.[12] These standards also often require documentation about issues that should not be relevant at institutions with acceptable learning and completion outcomes. For instance, the Southern Association of Colleges and Schools Commission on Colleges requires that institutions have library collections, resources, and services that "are sufficient to support all its educational, research, and public service programs."[13]

The accreditor reviews a college's self-study document and then sends a team of evaluators to conduct a short visit at the institution. While this team includes at least one employee from the accreditation agency, it is largely comprised of volunteers—who mostly work at different higher education institutions. The idea is that outside experts can judge whether a school sufficiently complies with an accreditor's standards. Based upon the visit, self-study, and other review of the college, an accreditor decides whether or not to approve an institution.

In order for an accreditor's approval to grant access to federal financial aid, the accrediting agency must undergo its own review process. This is done every few years by the Department of Education. In this process, the accreditor will produce a document outlining its compliance with statutory and regulatory requirements for accreditation. Department of Education staff, as well as an advisory board made up of private citizens, will review these documents and issue recommendations about whether the agency should be recognized by the federal government, with the final decision resting in the hands of senior leaders in the department.

Today, more than three dozen accreditation agencies have the approval necessary from the Department of Education to grant access to federal financial aid.[14] These agencies generally fall into three groups:

1. Regional agencies that review institutions in a specific geographic area

2. National agencies that look at schools anywhere in the country

3. Programmatic accreditors that look at individual programs within a school

Most colleges gain access to federal financial aid by obtaining approval from accreditors that fall in the first two categories.

The alternative gatekeeping system's structure

This vision for an alternative gatekeeping system consists of three activities:

1. Judge educational providers on rigorous measures of student outcomes and financial health to open up federal aid for new providers and reduce burden on existing high-performing institutions.

2. Use third parties to act as standard setters by determining outcome measures and performance thresholds.

3. Put the federal government in charge of verifying, enforcing, and judging the effectiveness of outcome measures, as well as selecting third-party standard setters.

Judge educational providers on rigorous outcome standards

Evaluating educational providers solely based upon the outcomes they produce is the key element of this alternative gatekeeping system. It focuses on outcomes in two particular areas: student results and the provider's financial health. For both measures, minimum performance thresholds must be set at ambitious levels that will be difficult for most educational providers to meet. The exact level of these minimum requirements would vary based upon the type of program, but the measure itself would have to use a common definition. In other words, programs could face different performance thresholds for student loan repayment, but the formula for calculating this indicator would be uniform. Outcomes for all educational providers would be disclosed and available to the public.

Evaluating providers based on student outcomes and financial health guarantees that institutions accepting federal dollars will produce exemplary results in a sustainable manner. It also lessens the risk of an abrupt school closure or actions that are not in the best interests of students such as hiking tuition or engaging in aggressive recruitment.

While this new gatekeeping model allows a standard setter to vary the thresholds it suggests for each measure, it would not have flexibility to alter their definitions. In other words, if a standard setter wished to use a student loan repayment rate, it would have to adopt a definition promulgated by the Department of Education but it could choose to set the threshold at a justifiable point. For graduation or completion rates, standard setters would have to adopt common measures for programs of a similar length. This allows for slightly different completion rate calculation formulas for a bachelor's degree versus a certificate.

This outcomes-based approach is very different from the current gatekeeping system. While accreditation agencies currently have standards that educational institutions must meet in order to receive approval, the evidence of student outcomes required range from minimal to nonexistent.[15] Regional accreditation agencies, for instance, have no quantitative standards for student outcomes. Without minimum standards, this approach allows many institutions with poor student results to participate in federal financial aid programs. For example, a report by The Education Trust found that 105 colleges—including 12 public, 34 nonprofit and 59 for-profit colleges—had graduation rates below 15 percent in 2011.[16]

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While national accreditation agencies mostly have quantitative student outcome standards, their benchmarks are insufficiently ambitious. Most national agencies establish their outcome standards through a very simple process that ties minimum performance thresholds to the average result reported by their institutions.[17] This approach thus approves any institution that simply achieves mediocre or better results instead of considering what high performance should look like.

A more detailed discussion of the types of student outcomes and financial measures follows below.

Student outcomes

The alternative gatekeeping system uses measures of student outcomes to get the answers to two key questions. First, do substantial numbers of students who enter an institution end up completing their programs? Second, do the students who complete find enough success to justify their investment? While using numeric indicators to answer these questions will never capture all of the intangible elements of a college education, they do provide sufficient assurance to students and taxpayers that their investments will be sound. Given this framing, the alternative gatekeeping system would include, at a minimum, the following student outcome measures:

- Student completion rate
- Job placement rate
- Earnings of graduates such as those making above a minimum threshold
- Federal loan repayment rate

While educational providers would have to meet these measures, the thresholds for these metrics would not be one-size-fits-all. Rather, the third parties that select standards and thresholds could and should vary them based upon what types of programs are being approved and whether they are set for an individual program or an institution overall. For example, measures for a program that leads to graduate education may not need as much of an emphasis on job placement rates and could focus instead on longer-term earnings. By contrast, an educational provider that only offers short-term medical training would face high standards for job placement and loan repayment rates.

New educational providers would have to meet student achievement thresholds as a condition of initial participation. They would be required to document their ability to meet the necessary student outcome thresholds. This includes submitting data on completion, placement, and other outcome measures verified by an independent third party such as an auditing firm. The Department of Education would also use these data to generate earnings information for past students at the newly approved provider.

Student outcome measures would be required, but could vary based upon the type of program.

Financial stability

Examining an educational provider's financial health matters for reasons complementary to concerns about student outcomes. An organization that produces high-quality results for students may still be a risky investment if it lacks the financial stability to avoid unexpected closure. Similarly, a provider that produces good results but is on shaky financial footing may be more likely to pursue changes that address their revenue problems while possibly undermining the quality of their education.

Setting clearer financial checks also encourages educational providers to pursue reasonable rates of growth. In the existing financial aid system, a number of colleges grew very large by seeking out every student without consideration of whether such growth would be sustainable if enrollment leveled off or declined.[18] The result is that many of these institutions started to engage in less than ideal recruitment behavior in order to maintain their growth rates. They also struggled when the number of students enrolled in college fell.

Measures of financial health strive to meet two particular goals: provide frequent updates on the financial health of the institution and capture an accurate picture of an organization's financial health. These goals would be met by indicators such as:

- The number of days the institution could operate with no additional funds or without borrowing
- The ratio of current assets to liabilities
- The ratio of debts to assets
- The ratio of instructional, student support, and academic support expenses to total expenses

New providers would also be subject to these financial stability measures, plus additional protections because they are less well established. In particular, new providers would need to supply upfront funding commitments to protect students and the public. This would include purchasing either a letter of credit or surety bonds—a contract with a financial third party such as a bank that would guarantee the federal government could draw down funds if the institution fails. This requirement provides a ready set of funds to forgive loans, assist students, or repay taxpayers if a college collapses, and also tests whether the private market has any confidence in the new educational provider by assisting with securing these funds.

This approach to financial stability is notably different from the current test of financial responsibility that Congress required the Department of Education to implement starting in 1997.[19] That test relies on audited financial statements sent to the department by all for-profit and nonprofit institutions. It exempts state institutions backed by the full faith and credit of the state because such a status ensures that a school has greater financial resources to draw on. The Department of Education uses this information to arrive at a composite score that reflects the relative financial health of an institution. For the fiscal years ending between July 1, 2013 and June 30, 2014, a total of 203 institutions failed to meet the department's standard.[20]

The problem is the current financial responsibility scores are an insufficient measure of financial stability. For one, the accounting standards for private non-profit and for-profit entities have been revised a number of times but the formula for calculating the scores has not changed. Thus, the metrics may not properly measure financial health. Even if the measures were better, colleges only report metrics annually, meaning the federal government cannot regularly keep track of an institution's health and may miss warning signs. The penalties associated with poor financial responsibility scores—posting a letter of credit equal to at least 10 percent of a college's federal financial aid—may also be insufficient to protect taxpayers if a college closes.[21] Finally, to avoid or delay possible sanctions, colleges can challenge and fight this single measure of financial responsibility for months. This potentially allows schools with financial troubles to avoid consequences from a failing score for a long period of time.

Use private actors to set standards and performance thresholds

The current gatekeeping system relies a great deal on private accreditation agencies to ensure quality. This approach has several benefits. In particular, accreditation agencies are composed of people with experience in higher education, making them arguably better suited to devising performance standards than government employees. Institutions may also be more amenable to accepting feedback from their peers. Such collegiality, however, has significant downsides. It may especially discourage tough action against struggling colleges or create financial conflicts of interest.

This alternative gatekeeping system envisions a role for private third parties that reflects the benefits of nonfederal oversight while correcting for its largest flaws. It does this by shifting the role of private actors to focus solely on determining the proper standards for measuring outcomes and the necessary performance thresholds. This absolves third parties from dealing with difficult functions such as verifying if institutions met standards and enforcing penalties when a school comes up short.

Limiting the role of private actors corrects for many existing flaws in the current gatekeeping system. In particular, it helps reduce financial conflicts of interest; eliminate existing tensions between whether accreditors should focus on gatekeeping or quality improvement; eliminate verification challenges; and expand the type of private third parties that could participate in this system.

Reducing financial conflicts of interest

The current gatekeeping system struggles with inherent financial conflicts of interest. Accreditors' main revenue source comes from membership dues paid by institutions.[22] This includes annual sustaining fees, as well as payments for reviewing accreditation applications, site visits, and other activities. This makes accreditors somewhat beholden to the colleges they oversee since taking action against many institutions could weaken an agency's financial viability.

This proposed alternative system creates a new business model for third-party actors that is more independent of institutions. Educational providers would no longer be required to pay a third party any fees to participate in the federal financial aid system. This reflects the fact that these third parties would no longer be performing the vast majority of functions performed by accreditors today. Instead of relying on colleges for revenue, standard setters would receive performance-based payments from the federal government. These funds would provide a combination of baseline assistance to help these entities review and refine their standards and thresholds, as well as bonus payments tied to the performance of the institutions accessing federal financial aid under their standards.

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To be clear, standard setters could still receive revenue from other sources. This compensation, however, could not come in exchange for approval to participate in the federal aid programs under their standards. In other words, if the standard setter was a professional society with membership dues for other functions, it could continue to charge them. Similarly, the standard setter could charge educational providers fees for any work performed to help an institution improve to meet standards. But these services and their associated payment would be voluntary for the institution. This acknowledges that while third parties may set the standards, they do not enforce them and thus cannot require someone to pay additional funds in order to come into compliance.

Resolving the gatekeeping versus improvement functions

Today's accreditation agencies perform two contradictory functions. From the federal perspective, they must serve as gatekeepers that decide if an institution can access federal financial aid. But many of these agencies see their main job as helping colleges improve, thereby creating suboptimal incentives. After all, if your goal is to help someone get better, removing them from federal aid programs is partly a failure by the accreditor.

The alternative system resolves the gatekeeping versus improvement tension. While standard setters would determine the measures and thresholds necessary for participation in federal aid programs, they would not enforce performance against them. This frees third parties to focus the bulk of their time and energy on improvement functions. One other important difference is that third parties could not force providers to pay for any additional monitoring, oversight, or other forms of help that accreditors provide today. Struggling institutions could choose to pay for these services from standard setters if they desired. They could also choose to seek help elsewhere or try to improve on their own.

Eliminating verification challenges

Several accreditation agencies have struggled with data verification in the past. For example, several accrediting agencies failed to evaluate the job placement rates at Corinthian Colleges, a now-defunct national chain of for-profit colleges, leading to allegations that the colleges misled students about their career prospects.[23] The Department of Education decided that one major national accreditor should lose its ability to grant access to federal financial aid due to its inability to verify placement rates at Corinthian and other campuses.[24] Without having to verify the data used to judge performance on its standards, these third parties will face less legal risk and not need to build elaborate processes for collecting and evaluating data.

Expanding the universe of third-party standard setters

Moving to this limited role for private third parties also expands the universe of organizations that could serve in this standard setter capacity. Right now, accreditation agencies are the only private actors with a formal role in federal financial aid gatekeeping. This system would allow new actors to enter and serve as standard setters as they would not need to establish an infrastructure for verifying and enforcing performance. For example, the following types of agencies may be able to set standards that grant access to federal financial aid in this alternative system:

- **Programmatic accreditors:** Programmatic accreditors already have experience figuring out the best requirements for a given discipline. A good example of this is the Accreditation Board for Engineering and Technology, Inc., or ABET. ABET accredits postsecondary programs in the disciplines of applied science; computing; engineering; and engineering technology at the associate, bachelor, and master degree levels. Unlike most institutional accreditors, ABET uses outcome measures to ensure that students, employers, funding sources, and society can be confident that programs it accredits meet the quality standards to produce students who are prepared to enter a global workforce.

- **Professional membership organizations:** Certain professions have established organizations that set standards for licensure or certification to hold a job in a given field. For example, the American Institute of Certified Public Accountants sets requirements for what it means to be a Certified Public Accountant, or CPA. Because these organizations already determine the requirements for entry, having them set educational requirements for accounting programs is a logical extension.

- **Academic membership organizations:** Several academic disciplines have their own membership organizations that already bring people working in that field together to discuss best practices. For example, the American Political Science Association brings together individuals working on political science to discuss ideas and serve as an authoritative voice in the field. Thus, it already has the necessary gravitas to suggest necessary performance standards for programs in its area.

The federal role

The federal government would perform three key functions in this new system: select and review standard setters, collect and verify data, and enforce performance against standards.

Selecting and reviewing standard setters

The federal government currently plays a major role in evaluating accreditation agencies. It chooses which accreditors can grant access to federal financial aid.[25] It also conducts semi-regular reviews of accreditors to ensure that they are meeting statutory and regulatory requirements. And finally, it can stop recognizing accreditors that appear to be out of compliance with those rules.

This new gatekeepeing system adopts a similar role for the federal government. It would control the process of selecting and recognizing which third parties have sufficient standards to judge access to the federal financial aid programs. In order to do this, entities that wanted to serve as standard setters would have to provide an application to the federal government. This proposal would indicate what types of programs could access federal aid by passing the standards and why. It would also include a description of the desired standards with an empirical justification for both the measures chosen and the required performance levels. Such a justification must at least involve modeling proposed standards against existing performance to show their rigor. As noted earlier, the proposed measures would have to follow common definitions created by the Department of Education but could have different thresholds created by standard setters. The application would also have to demonstrate the standard setter's credibility in the space to show that educational providers are likely to use their standards to access federal aid. Finally, the applicant would have to provide a plan for continuous monitoring and refinement of the standards. The Department of Education would publish the application, including clear disclosures of suggested measures and metrics.

The federal government would also conduct continuous monitoring of the effectiveness of standards. In particular, it would evaluate the performance of all educational providers getting access to federal aid through a given standard setter and see how those results compare to other standard setters. This would include seeing if a given set of standards seemed to allow in too many providers with low-repayment rates, earnings, completion rates, or other key indicators. In cases where a given standard appeared to be insufficiently ambitious, the Department of Education could either request an immediate update to the standards or choose to stop recognizing the standard setter.

Collecting and verifying data

An outcomes-based system only works if the data used to judge performance are accurate and complete. In order to do this, the federal government would be in charge of collecting necessary performance data from educational providers. It would also work with the department's independent research and statistical arm—the Institute of Education Sciences—to establish uniform data definitions for indicators to judge providers on identical definitions of completion or job placement rates. Where possible, the federal government would rely on its own systems to produce outcomes data such as student loan repayment rates. It would also audit and review information reported by educational providers to verify its accuracy. The federal government would publish all outcomes data collected for public use.

Having the federal government oversee data collection and verification aligns with its extensive experience. For example, the Department of Education must already collect and verify a host of data about the federal financial aid programs such as cohort default rates; financial responsibility scores; the share of revenues derived from federal student financial aid at private for-profit colleges; and, for career training programs, the level of earnings achieved by graduates relative to their loan payments.[26] In doing this, it also enforces common definitions to consistently collect data. Given this existing role, the federal government is well suited to provide the data collection and verification role in the alternative system.

Enforcing performance standards

The purpose of setting rigorous outcomes standards is to ensure that federal dollars generate desired returns. It therefore makes sense that the federal government should serve as the final arbiter of whether an educational provider is meeting necessary performance thresholds to receive federal financial aid. It would also publicly release all decisions, along with a justification for why it chose to approve or terminate an educational provider's participation.

The federal government is well-suited for this role for two reasons. First, it has sufficient resources to litigate challenges brought by institutions when they fail performance metrics. This is a problem in the current accreditation system. Many accreditors are relatively small agencies with few staff. As a result, well-resourced institutions may challenge adverse decisions if they can overwhelm accreditors to get the outcome that they want. Second, the federal government lacks the conflict of interest that private agencies face. The federal government neither relies upon institutional membership dues to sustain itself, nor balances the roles of gatekeeping versus quality improvement.

Alternative efforts at quality assurance

The Center for American Progress is far from the first organization to recognize the importance of alternative forms of quality assurance. In fact, several ongoing initiatives merit mentioning as complementary activities that could provide additional lessons for this new system. While the jury is still out on whether these efforts will be effective, they do represent noteworthy, high-profile attempts to tackle similar issues. With one exception, none of these initiatives involve expanding federal financial aid eligibility.

EQUIP

In October 2015, the Department of Education announced the Educational Quality through Innovative Partnerships, or EQUIP, experiment.[27] This effort provides a path for nontraditional educational providers to get access to federal student aid. To participate, a provider must form a partnership with an institution of higher education and what the Department of Education calls a third-party Quality Assurance Entity, or QAE. The institution's accreditation must also cover the program offered by the nontraditional provider.[28] The goal of EQUIP is both to learn about the effectiveness of new QAE's, as well as judge the effectiveness of new programs in terms of evidence of student learning and employment outcomes.

The Department of Education announced in August 2016 that eight winners would move forward to the next stage of EQUIP.[29] Most of the selected participants proposed to focus on short-term programs related to computer coding skills. For example, the University of Texas at Austin proposed to partner with MakerSquare, a coding bootcamp, to offer a 13-week program in web development. Entangled Solutions, a for-profit consulting company would set and monitor student outcomes data for the project, while an auditing firm would verify the data. These winners will now work with their accreditation agencies to get the necessary approvals to start offering federal financial aid for these short-term programs.[30]

Measuring What Matters

In April 2016, General Assembly, a coding boot camp that does not participate in the federal financial aid programs, released "Measuring What Matters."[31] This white paper lays out a new, open source framework for student outcomes in nontraditional education programs. Importantly, the proposal focuses not just on how to define key measures such as graduation and placement rates; it also discusses how such results could be audited by CPAs to verify the accuracy of claims. The framework's development and testing is still ongoing.

B Labs certification

B Labs administers the Certified B Corporation process. The idea is to assess whether companies are a force for good by looking at their social and environmental performance, transparency, and legal accountability.[32] In effect, the process is similar to the idea of LEED Certification for energy-efficient buildings or Fair Trade for food, clothing, and other consumer products. In 2014, B Labs announced a plan to create a Certified B Corps approval process for private for-profit colleges.[33] In order to do this, it convened a group of stakeholders and experts to produce a detailed assessment for colleges to complete. (Disclosure: Authors of this report served on that committee without compensation.) This assessment requires colleges to report on a host of outcomes demonstrating their success. Though linked less directly to education, this B Lab process is one example of how private third parties can come together and set standards. This process is still being developed, refined, and tested.

Bennet-Rubio Higher Education Innovation Act

In September 2015, Sens. Michael Bennet (D-CO) and Marco Rubio (R-FL) introduced the Higher Education Innovation Act.[34] This bill proposes to create a new series of education authorizers that could approve educational providers access to a limited pool of federal Pell Grant funds. Authorizers would have to create and enforce standards related to student learning, completion, affordability, and benefit. The last of these could be measured by things such as income gains or employment rates. Most educational providers approved under this process would have to match at least 50 percent of the Pell Grant funding until they had met the authorizer's standards for many years in a row. The bill has yet to receive a vote in Congress.

Conclusion

Creating an alternative quality assurance system would bring about three significant benefits. First, it provides a pathway for innovation that the nation's higher education system desperately needs. Emphasizing outcomes over processes and structures allows new educational providers to access the federal financial aid needed to grow and scale. Existing institutions that produce exceptional results also benefit by trading the substantial burden that comes from the existing accreditation process for one that allows them to document their outcomes instead. Such an emphasis on what educational providers achieve—not how they go about their work—should make room for experimentation around credentialing, educational delivery, and learning measurement. Traditional institutions of higher education would also benefit from lessons learned in this space.

Second, this alternative system balances the need for innovation with stronger consumer protections. Mandating that participating educational providers meet rigorous outcomes standards ensures that dollars will not flow to places that fail to serve students well. This system also seeks to hold poor performance accountable in a more reliable manner. Turning data verification and standards enforcement over to the federal government eliminates many of the conflicts of interest that the current system of accreditation struggles to manage.

Third, the combined clear balance of innovation and consumer protection provides much-needed clarity about where quality assurance efforts in federal student aid should or should not focus their time. Accreditors, states, and the federal government currently lack a clear agenda for what types of quality they should be most concerned with or how they should prioritize their work among many areas of investigation. The result is a system that attempts to measure quality among seemingly every available dimension. Rather than doing so by focusing on outcomes, it devolves to nitpicking processes, policies, and procedures that may have nothing to do with actual results for students. This proposed alternative system's narrower focus allows the quality assurance discussion to focus on the things that really matter: student outcomes achieved at educational providers that are financially sustainable.

By combining these three benefits, this alternative system puts the nation on a better path toward increasing educational attainment and the economic growth that comes with it. Under this model, no longer would higher education providers have to resemble traditional colleges. Students, too, would have stronger assurances that the places where they enroll will provide them with desired results. In addition, America would benefit from a proliferation of high-quality training programs where students are well prepared to face the challenges of today and tomorrow.

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