



A Quality Alternative

A New Vision for Higher Education Accreditation

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

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

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