

**MEMORANDUM****TO: ASAHP Members****FROM: Kristen Truong****DATE: April 12, 2019****RE: Senate Health, Education, Labor & Pensions Committee Hearing on “Reauthorizing the Higher Education Act: Strengthening Accountability to Protect Students and Taxpayers”**

April 10, 2019, 10:00 AM, 430 Dirksen

[\[HEARING LINK\]](#)**Overview:**

The Senate Health, Education, Labor & Pensions Committee held a hearing on “Reauthorizing the Higher Education Act: Strengthening Accountability to Protect Students and Taxpayers” in which Members and witnesses discussed current and potential innovations to holding higher education institutions accountable for ensuring their students are receiving high-quality degrees relevant to today’s workforce needs.

Republicans supported the idea that loan repayment rates would be a better measure of student achievement than the cohort default rate. They emphasized the flexibility granted to accreditors to work with more at-risk institutions, yet some regulations hold them back from fully supporting these institutions. Ranking Member Murray was concerned about the varied state authorizations for distance learning, but that they all should focus on quality assurance. In terms of accreditation, she believes that if there is program level accountability, there should additionally be a catch all institutional backstop.

There were also discussions on ensuring CTE and certificate programs have similar accountability measures as robust as the measures for 4-year institutions.

**Opening Statements:****Committee Chairman Lamar Alexander (R-TN) [\[Full Statement\]](#)**

When I was president of the University of Tennessee, I asked David Gardner, who was then president of the University of California, why his university was considered one of the best in the world. He told me that it was autonomy, competition and choice, and a commitment to excellence by institutional leaders and faculty.

Colleges and universities are accountable to the students who may take their federal and state grants and loans to any accredited institution that will admit them. To ensure that these billions of dollars are spent wisely, the federal government measures how many students default on their loans.

To hold colleges accountable for the \$130 billion a year in grants and loans, in 1990, Congress created the Cohort Default Rate, which applies to all colleges and universities. This measure makes a college ineligible to receive federal student aid if, for three consecutive years, more than 30 percent of its borrowers are in default or over 40 percent in any one year. However this cohort default rate has proven to be a poor instrument of accountability, since it does not take into account the one third of borrowers who are not yet in default but don’t make payments on time.

Over the last decade, only 20 schools have become ineligible for federal student aid under the Cohort Default Rate, according to the Congressional Research Service. Instead, Congress should create a new measure of accountability that looks at whether students are actually repaying their loans. This would be a more effective and simpler way to ensure that taxpayers aren’t financing degrees that are priced so high and worth so little that students are never able to pay back their loans.

This proposal is much like the Gainful Employment Rule – but it would apply to every program at every college – public, private, and for-profit and would include students who took out loans but dropped out before graduating. For some programs, this new measure should provide colleges with an incentive to lower tuition and help their students stay in school to finish their degrees and find a job so they can repay their loans.

As we work on updating the Higher Education Act, we first need to identify what information schools actually need to report, and second to provide direction to the Department on how to make that information accessible and useful to students. And third, we should strengthen the 44 federally recognized accrediting agencies upon which we rely for certifying that students are receiving a quality education.

**Ranking Member Patty Murray (D-WA) [[Full Statement](#)]**

I urge you to keep in mind the other student-centered priorities we are focused on as we work towards updating our nation's landmark higher education legislation: addressing the rising costs of college and exploding student debt, increasing access for historically underrepresented students, ensuring students are able to learn in an environment free from discrimination, harassment, and assault.

Currently, less than 60 percent of students graduate with a certificate or degree within six years of when they initially enrolled in college. And these numbers are so much lower for students of color, low income students, and working adults.

Students cannot begin to advance their careers or pay back their loans if they do not have a credential that opens the doors for them to do so. An accountability system must sharpen its focus on student outcomes, and in doing so, must recognize there are so many different types of schools—two-year, four-year, public, private, non-profit, for-profit, online, competency-based education, and more.

Accountability, quality assurance, and ongoing monitoring and oversight requires a partnership between the federal government, states, and accrediting agencies. The Higher Education Act has always used a risk-based accountability system to protect students and taxpayers from schools and programs that have traditionally shown more risk, such as those with profit motives or programs with alternative educational formats.

We need to provide schools with the tools they need to help students succeed—including financial aid, the ability to identify when students are falling off track early, career counseling, mental health services, and so much more.

**Witness Testimony**

**Dr. Tressie McMillan Cottom**, Assistant Professor Sociology, Virginia Commonwealth University (VCU) [[Full Testimony](#)]

**Dr. Adam Looney**, Joseph A. Pechman Director of the Center on Regulation and Markets, Brookings Institute [[Full Testimony](#)]

**Dr. David Tandberg**, Vice President for Policy Research and Strategic Initiatives, State Higher Education Executive Officers Association (SHEEO) [[Full Testimony](#)]

**Dr. Belle Wheelan**, President, Southern Association of Colleges and Schools Commission on Colleges [[Full Testimony](#)]

**Q&A**

**Committee Chairman Lamar Alexander (R-TN):** The Student Achievement Standards gives you the responsibility as accreditor – part of law since 1992. Do you think we need to beef that up? Second, did Congress give your agency or other accreditors jobs to do in the accrediting process that take away the time you could spend on educational quality?

**Dr. Wheelan:** Beefing up standards concerns me. As long as accreditors working with institutions can determine what those achievement levels are, then we're fine. When we start determining outside the higher education system, we're not sure what all goes into it. Looking at IPEDs, for example, which only includes first-time, full-time students, there's a lot more that goes into it – hunger of students, family life can keep them from graduating. When feds start looking at grad rates, it gets murky.

**Committee Chairman Lamar Alexander (R-TN):** We're concerned about educational outcomes and making sure college is worth it. Can we say something other than student achievement while reducing duties to focus more on educational outcomes?

**Dr. Wheelan:** For the 46 years, we focused on access and now we need to look at student achievement. Moving from developmental into college level courses is an example of a possible outcome. Giving us relief on

the substantive changes regulation; some of those requirements get in the way participating with the institutions that need help.

**Committee Chairman Lamar Alexander (R-TN): Sen. Murray** talked about risk-based accreditation. Do you have the flexibility to spend more time on a for-profit college compared to Emory?

**Dr. Wheelan:** Yes, we do and utilize that flexibility. We have the Small College Initiative to identify institutions with 2,000 FTE students or fewer to help them individually.

**Committee Chairman Lamar Alexander (R-TN):** What about institutions that persistently have quality trouble rather than those not in trouble? Can you spend more time on the former?

**Dr. Wheelan:** When you look, there may be as many as 40 noncompliance issues. Because of the continuous improvement process, even through reaffirmation, they're done to like 12.

**Committee Chairman Lamar Alexander (R-TN):** Can you summarize whether low income students would be hurt or helped if we measured whether students are actually paying back loans as a way to hold school accountable?

**Dr. Looney:** If we used measures of repayment that would provide stronger signal of whether they get a job and earnings. It would be better.

**Committee Chairman Lamar Alexander (R-TN):** Whether students are actually repaying their loans is a more accurate measurement than cohort default rate?

**Dr. Looney:** There are many not paying their loans but not defaulting with programs like income-based repayment. There's a stronger signal from whether people are repaying and the amounts they are. Institutions with better repayment rates have stronger student outcomes. We should use that as a basis for accountability.

**Ranking Member Patty Murray (D-WA):** You described a fair amount of variation in authorization procedures across states. I agree procedures should be oriented towards quality assurance, improvement, and consumer protection including for online programs that enroll students across the US. What actions should Congress take in reauthorizing HEA to strengthen role of states in evaluating quality and providing adequate oversight, especially for online programs?

**Dr. Tandberg:** There is significant variation between the states with state authorization. There are some baseline items that ought to be looked at when states look to authorize or reauthorize. Focus on quality outcomes. Do the institutions have the resources to meet those outcomes? Sufficient consumer protections built in the requirements? Federal government could encourage such items. Conversation that ought to engage accreditors also. From negotiated rulemaking where I was a member, SHEEO committed to convene NC-SARA, ACE, authorizers, and consumer protection organizations to look at how we can do a better job in authorizing of distance education. NC-SARA has come under criticism and that criticism was heard and amplified during negotiated rulemaking. We're committed to coming up with new ways to protect students in distance education and taking appropriate recourse when those programs fail.

**Ranking Member Patty Murray (D-WA):** Outcome based institutional accountability system could continue to operate other elements of our existing system like an improved 90/10 rule. Your testimony highlights the need for institution level measures in a federal accountability system, particularly how program level accountability metrics must have an institutional back stop. Can you elaborate the incentives used by institutions to manipulate metrics done only at program level?

**Dr. Looney:** Students who are not enrolled or do not complete a program might not be captured by a program level metric. That's what happened with gainful employment rule. There's an appeal to have and use a program level measure for completers but also a catch all institutional backstop.

**Ranking Member Patty Murray (D-WA):** Can you elaborate the policymakers should better understand repayment rate data?

**Dr. Looney:** Having participated in College Scorecard, when you open new database and design new metrics, it's important to see how they affect different groups. When it comes to repayment rates, it's a changing time. We have new income-based repayment plans. Public sector loan forgiveness. I want to see how those policies affect rates. Some institutions might have low repayment rates but good quality education but not see that because students enrolled in grad school or public sector service or wrong repayment plan.

**Sen. Mike Braun (R-IN):**We ship out twice as many degrees as we use in IN. 80,000 jobs that need 1-2 year degrees or better high school curriculum. Most family's healthcare and education are the 2 most important things. And they're going up in cost. In our state, guidance counselors of getting people directed into best

program is what we're doing poorly. CTE, 1-2 year degrees, and better high school degrees – are we paying enough attention and giving it the accountability and accreditation?

**Dr. Wheelan:** Of course, definitely. We got a grant from Lumina to look at credentialing and how our institutions are taking industry-based credentials and applying to college degrees. Colleges and universities understand the need to get people into the workforce. General education requirements are one downside of 1-year programs. Faculty working across the institutions teaching English and math in CTE course can work and does.

**Sen. Mike Braun (R-IN):** We overemphasize 4-year degrees that aren't marketable. I wish we paid more attention to CTE because it lowers cost and produces degrees that we need.

**Dr. Wheelan:** Dual enrollment is growing on the CTE areas because institutions on college side are understanding the importance of getting people into the workforce.

**Dr. Tandberg:** At SHEEO, one project is helping states match student level data systems to workforce data systems. We can look at employment outcomes by degree program and ensure all of them are leading to outcomes. We need to pay attention to shorter term certificates. Many of those will lead to wage outcomes better than longer terms. None are better than high school diplomas. We need to focus on those. Students go into debt even for short term programs.

**Sen. Chris Murphy (D-CT):** Employers tell us they want skills and that comes in a variety of forms. Holding colleges to standard of performance is about stimulating innovation that we need. If you have a nationwide standard, we can take pressure off schools in ways that we micromanage them in how they deliver degrees. Current accountability system is we really aren't holding schools accountable. Less than 1% of schools lose accreditations annually, despite you have \$400 million going to schools that have loan default rates of 30-40%. We could simplify accountability system to focus on performance for everyone and that could stimulate innovation. We should keep additional heat on for-profits. If you had a stronger sense that schools really had to meet a performance standard that was much more meaningful applied across the board, would we have more confidence that innovation can be protected and challenged in the right way?

**Dr. Tandberg:** I agree that there are better metrics, repayment rate absolutely would perform in your goals than the default rate. My concern is that the experience at state level with performance funding is that if there isn't explicit attention to underrepresented students (students of color or low income), an accountability program will most likely hurt them. Specific and explicit accounting for those students must be included.

**Sen. Chris Murphy (D-CT):** Push back on idea that we should leave accountability to conversation between accreditor and institution. You testify that you require institutions to require one student completion indicator. Why should we leave it up to schools to determine completion or performance is assessed? Why not one national metric?

**Dr. Wheelan:** Level of that performance is what I'm concerned about that. Not all institutions and student bodies are not the same. If I put in a 40% graduation rate right now as baseline for all institutions, half of my institutions lose membership and we wouldn't be educating any one in those CTE programs. Many take a long time to graduate. These 1-2 year programs may take 2-4 years because students are part time. Bright line could hurt the institutions you're trying to keep in business.

**Sen. Bill Cassidy (R-LA):** [College Transparency Act](#) (CTA) (cosponsored by Sens. Warren (D-MA), Whitehouse (D-RI), and 15 other bipartisan Senators and bipartisan House members) introduced to leverage existing data on student outcomes providing students, parents, and policymakers, with info to make important decisions for postsecondary education. We have 160 organizations that are supporting this. We follow kids across institutions, especially when students transfer, and it may show as noncompletion. In the College Transparency Act, students could view program and institution data for graduation rates, loan rates, and amount of income after they graduate rate. This would be a fourth member of the triad because it would be the student being able to research.

**Dr. Looney:** That product is something we need. Matching/assessment program is important one that we spend too little time on. Programs and institutions that provide opportunities to everyone and more students should enroll in those. People make poor choices because they aren't informed.

**Sen. Bill Cassidy (R-LA):** CTA, how would it address lower income students being misinformed?

**Dr. Cottom:** This gets at several complexities when we try to use higher education for social mobility. Complicated issue with info is both good thing and not a sufficient thing. You need context. Knowing default

rates won't always tell us why students have a harder time repaying than others. Info needs to be pegged to the kind of student that you're bringing in.

**Sen. Tim Kaine (D-VA):** Weaknesses of higher education system are often driven by “millions of people who, despite doing everything right, cannot find dignified work that affords them housing, the means to educate their children and the ability to care for their aging parents. Because their economic anxiety is so great, the students I worked with and research will shoulder almost any cost, in dollars and opportunity, for a chance at better quality work.” We need to be looking broader when reauthorizing HEA knowing we may not do it for another 10 years, especially for adult workers going back. Broader thoughts on approaching HEA reauthorization?

**Dr. Cottom:** Accountability has to take into account what's happening currently and future changes. Mismatches between credentials and labor market needs is really embedded about whether students can take on risks of attending a specific institution. Accountability would encourage greater public interest in whether institutions are suitably high quality enough like revisiting 90/10 rule to reconsider wider investment.

**Sen. Jacky Rosen (D-NV):** Hispanic serving institutions – wraparound services that support student so they can succeed? How can we level the playing field in these institutions?

**Dr. Tandberg:** I attended a HIS. What we know from literature is that resources do matter for outcomes. When more resources are put into these institutions, especially our state appropriations dependent institutions that we see increased completion rates. Research by Bridget Terry Long that resources are tragically unequally distributed. We need to look at what does it cost to graduate a student with different demographics?

**Committee Chairman Lamar Alexander (R-TN):** One theme is what do we do to give more opportunity for first generation Pell eligible students to succeed in college? San Jose State and Rutgers where the university uses coaches to work with students to help them complete their education and how to align their course of study with their future work. TN Promise gives 2-year free education and wouldn't be worth it without the mentors and it costs \$27 million (pays delta of tuition and Pell).

**Dr. Tandberg:** I definitely think it's worth it. I'm inspired by College Equity Act when trying to identify innovative programs and federal government providing support to that. In many cases, colleges know what they need to do and are trying to do it. A lot of colleges don't have the resources. We should direct funds to programs like that with coaches and such.

**Committee Chairman Lamar Alexander (R-TN):** Grants could do that?

**Dr. Cottom:** Success coaches are empirically glaring positives to improve outcomes for first gen students. Colleges are incentivized with competitive funds for resources. TRIO originally designed to incentivize institutions to provide resources to do that kind of intrusive counseling model. That should be revisited. GSU is doing a great job.

**Dr. Wheelan:** Additional resources that state and businesses might need to contribute. Hunger, places to live, and child care contribute to students not completing. Working people, how are majority of students now, take online classes and need wraparound services. Incentives to bring in those wraparound services would be helpful.

**Dr. Looney:** We don't measure success very well. A school might not know how a program is performing or how their do after they leave. Federal government is well positioned to understand and help schools with. If we steered students away from low quality programs by kicking them out of federal aid, that would improve the choices that students make.

**Committee Chairman Lamar Alexander (R-TN):** You gave the example of online reciprocity for online regulation. What could states do improve accountability? States could regulate for-profit colleges. Why don't they do it?

**Dr. Tandberg:** We have 50 states with different contexts and histories. It's reaching a point of inflection with for-profits. States hold the bag when they close and implement teach outs. We could do a better job of teach out plans and agreements. It would take changes in state legislations.

**Committee Chairman Lamar Alexander (R-TN):** It's a good time for states to think about what they could be doing better or a consortium could work together. In community colleges, you talk about the large framework of regulation. Gov. Haslam (R-TN) our retiring Governor who instituted the free tuition said that his biggest disappointment was the poor graduation rate in community colleges. Community colleges have a ways to go to hold up their end of the bargain. Bright lines from Washington often produce unintended consequences.

**Other questions** focused on accountability for for-profit institutions, student veterans, and consumer protections.