Mapping Out Common Ground on Accountability in Higher Education

By Lanae Erickson and Frederick M. Hess

July 2019

Key Points

- In light of current conversations about reauthorizing the Higher Education Act, the American Enterprise Institute and Third Way recently gathered a small, bipartisan group of experts to seek common ground and clarify areas of principled agreement and disagreement about what Washington should do to improve higher education accountability.
- These discussions uncovered several points of agreement, including concerns about inadequate transparency around higher education outcomes, high levels of non-completion, and the fact that higher education is, despite some perceptions, far from a free market.
- Areas of disagreement included how to address market failures in higher education, with Democrats voicing a preference for the federal government playing a more robust consumer protection role and Republicans expressing skepticism that the federal government could craft policy to incentivize positive institutional responses without creating perverse incentives.

For millions of Americans, a college education offers significant financial and personal upsides. Yet far too many students find themselves enrolling in programs that consistently fail to produce a reasonable return on their investment—or that of taxpayers. Given that the federal government spends $120 billion each year to support higher education, policymakers have developed an understandable interest in asking what—if anything—might be done about the fact that many institutions are consistently leaving large proportions of their students without a degree and unable to make enough money to pay back their loans.

Today, both the left and the right generally regard the current higher education accountability regime, dominated by "the triad" of state authorizers, independent accreditors, and the federal government, as unsatisfactory in addressing these concerns. Some policies, such as "Return of Title IV Funds," the cohort default rate, and the (now-defunct) gainful employment regulations, have sought to address these concerns. Yet whatever one thinks of those specific policy prescriptions, many agree that too many college students find themselves with too much debt and too little to show for it.

As Congress considers the reauthorization of the Higher Education Act (HEA), there is bipartisan interest in finding ways to address concerns about student debt and the quality of higher education. One possibility for bipartisan cooperation might be an attempt to provide more accountability in the higher education sector, including additional data and transparency about outcomes. Yet until recently, there has been little clarity around what such policies would look like, how they would work, and what metrics would be used to judge quality.

In an attempt to explore these questions, seek common ground, and clarify points of principled disagreement, Third Way and the American Enterprise Institute gathered a small group of bipartisan experts from the Department of Education, the Hill, and academia earlier this spring to discuss what, if anything, Washington can or should do. Four key questions drove the conversation.

- What should the federal government's goals be for higher education accountability?
- What success metrics are appropriate for federal policy on higher education accountability?
- What mechanisms (carrots and sticks) are appropriate or inappropriate for federal higher education accountability policy?
- What are the biggest concerns about federal policy designed to hold institutions more accountable?

This short report attempts to capture the spirit of these discussions and provide key insights into when there was some level of agreement, or (by contrast) stark disagreement, among experts who represent different perspectives on the ideological spectrum.

Insight #1: Our Higher Education System Is Anything but a Free Market

Many debates about our existing higher education system are premised on the caricature of higher education as a "free market"—at least in contrast to K–12 education. Yet in our conversations, both Republicans and Democrats agreed that it is misleading to think about higher education this way, given the massive extent to which it is influenced by subsidies and public policy. Among other things, this means that those on the right should not imagine that defending the status quo equates to defending a free market, and those on the left should not imagine that the manifold problems in higher education are the product of simply an unfettered market.

Indeed, much of the behavior we see in higher education is a response to federal policies that have promoted access while providing little cause for providers to worry unduly about cost, completion, or student outcomes. Given the existing incentives and subsidies, the discussants reached a general consensus that finding common ground on how to revisit federal policies and subsidies is a worthwhile goal.

Insight #2: Something Needs to Change to Improve Student Outcomes, and That May Need to Include a Different Role for Washington

Historically, federal involvement in our higher education system has focused on expanding access to postsecondary education, primarily by providing grants and loans. And while these efforts have been undeniably successful when it comes to helping more Americans attend college, there is a shared sense that this has distorted the marketplace by incentivizing institutions to ***enroll students—not necessarily to educate them effectively, graduate them, or equip them for good jobs. Indeed, partic***ipants described the focus on access as insufficient, or even potentially problematic, if the goal is to ensure the massive taxpayer investment in higher education is producing skilled graduates.

Faced with this state of affairs, many Democrats agreed that the federal government should find ways to better hold institutions accountable and ensure students have access to high-quality institutions. Many Republicans agreed that colleges should take more responsibility for their outcomes and that students should ideally attend quality institutions. However, they were much more skeptical that Washington has the right metrics or the know-how to responsibly hold schools accountable.

Both sides of the aisle were concerned that federal efforts to promote accountability might inadvertently stack the deck against institutions that have a specialized mission, are open access, or serve a disproportionate population of high-need students. As one participant mentioned, "The biggest fear is that the introduction of more robust federal accountability will lead to reduced access by incentivizing institutions to stop serving students they deem too risky."

One distinction that tended to split the group was whether accountability measures should be sector-neutral. Democrats were more likely to think that while all schools should be held accountable, for-profit institutions should have additional federal oversight, as they lack the other checks that regulate decision-making at public and nonprofit schools. Republicans were generally uncomfortable with the idea that for-profits should be overseen or regulated differently from their not-for-profit counterparts.

Participants were also concerned that federal efforts could promote game-playing and manipulation by colleges, with a focus on completion—for instance—encouraging institutions to lower standards or compromise rigor to graduate students. This led to discussion of whether a federal system could take into account multiple metrics of success without becoming too complex—a conversation that again fell largely along ideological lines, with Democrats more optimistic and Republicans more skeptical.

In response to concerns about unintended consequences, stakeholders on both sides of the aisle agreed that the federal government should focus first and foremost on the institutions that are actively doing more harm than good. One participant opined, "It seems easy for institutions to come up with an excuse for why they have bad outcomes, which is why we need a floor that we can apply universally to identify the institutions that leave students worse off than if they hadn't attended in the first place." The central issue, of course, is how to define what constitutes "harm" in this context, or whether such a task is even feasible across thousands of institutions. On that question, Republicans tended to be more skeptical, and Democrats tended to be more optimistic.

Insight #3: There Is a Spectrum Between Those Inclined to Focus on Transparency and Those Who Think More Muscular Accountability Is Needed

While the participants involved in these conversations were broadly supportive of more transparency about student outcomes, many questions remained about which metrics should be collected and reported, whether these should be collected at the institutional or program level, and how to release additional data in ways that are not misleading or problematic. Generally, Democrats were more comfortable moving forward, and Republicans had more reservations about the particulars. Nonetheless, there was a bipartisan sense that collecting and disseminating data is, in principle, an appropriate and constructive role for Washington to play, largely because the federal government is the only entity with access to the relevant information.

The more fundamental tension between Democrats and Republicans emerged when the discussion turned to whether the goal should be transparency or a more muscular vision of federal accountability. For a number of those on the right, giving Washington a bigger role in promoting transparency through expanded data reporting was as far as they were willing to go—at least for now. They suggested that transparency could help students make better choices and would subject institutions to more market discipline (even while agreeing that the market description was fraught).

For most Democrats in the room, this stance was generally regarded as insufficient. Several participants argued that data are inadequate if federal officials fail to act on the results, especially given that many students will end up at local community colleges or regional institutions even if poor outcomes at those schools are more transparent. Democrats, along with a handful of Republicans, also worried aloud that without clear incentives or the threat of sanctions to change behavior, students may remain stuck in schools that continue to fail them year after year.

Insight #4: The Metrics in an Accountability System Matter—and There Cannot Be Just One Metric

There was bipartisan agreement that institutions should take more responsibility for student success, including doing more to improve student outcomes such as completion, employment, earnings, and loan repayment. However, participants disagreed about whether and how Washington should seek to hold institutions accountable for these metrics, as many fall outside of a college's control.

For example, students are adults who make their own choices about borrowing money and finding employment. This means that repayment rates and job placement are imperfect measures, so long as institutions are powerless to limit student borrowing or control their job market behavior. In general, the use of an earnings metric continues to be a sticking point, as there is concern that it is biased toward certain programs (e.g., divinity schools will tend to fare poorly), that the way the data are collected and calculated matters enormously, and that it may be more useful at the program than the institutional level.

The consensus was that if HEA does ultimately adopt new provisions regarding transparency or accountability, these should include multiple metrics to avoid the problems caused by putting too much weight on any one imperfect metric. One possible metric that drew much discussion and interest was college completion, even with the awareness that it may raise questions about institutional gaming or reduced rigor. Both sides also agreed that post-enrollment wage and debt outcomes deserve consideration, even with their aforementioned limitations, and that perhaps a combination of these metrics could help correct for their idiosyncratic shortcomings.

In particular, participants debated the merits of using a price-to-earnings metric rather than a debt-to-earnings metric, given the premise that institutions actually control the price charged to students (whereas they do not control a student's debt load), and because such a metric would account for students who do not take out loans to attend school. It was noted, however, that a focus on price-to-earnings comes with its own concerns. In general, Washington's fiduciary stake in loan outcomes makes these outcomes a natural fulcrum in the policy discussion, one where discussants were more open to a federal role.

While participants did not reach a consensus as to which metrics were the "right" ones, there was bipartisan agreement that Washington should *not be trying to gauge learning outcomes for students or schools. Neither side had an appetite for something that resembled K–12's No Child Left Behind Act (NCLB) in its focus on assessment performance. The biggest point of resistance to using* learning outcomes in higher education was the shared conviction that neither Congress nor the US Department of Education is in any position to tell institutions or programs what students should learn.

Another point of unanimity on the left and right was the conviction that an overemphasis on any one metric would be a profound mistake. This unanimity held when the possibility arose that metrics would have real consequences, such as in determining institutional eligibility for Title IV funds—as the problems of misidentification would grow more severe—and determining if schools could be incentivized to take steps that would hurt students rather than help them. For example, placing undue weight on measures of completion could encourage colleges to increasingly operate like diploma mills, while a similar focus on earnings alone could eliminate program areas that may be less remunerative but still worthwhile.

Insight #5: Federal Sticks Can Mobilize Local and State Actors to Act, but the Actions May Not Be What Was Intended

Stakeholders on both sides of the aisle frequently referred to the lessons they absorbed from K–12's NCLB law. While the takeaways were variegated and sometimes at odds, the group reached a general consensus that NCLB illustrated the dangers of clumsy, one-size-fits-all metrics and sanctions. Of course, this also implied a shared acknowledgment that the threat of sanctions can spur reactions and changes in behavior.

The question that led to some thoughtful disagreement was whether that very responsiveness is evidence that Washington needs to lead (a stance generally favored by Democrats in the room) or is all the more reason to look askance at accountability proposals (the starting place for most Republicans). Running through the discussion was a shared belief that the current threat to cut off a school from Title IV aid is insufficient, as politics have too often rendered this "sledgehammer" a hollow threat. Thus, to the extent that participants were comfortable contemplating accountability, they suggested the need for a range of sanctions.

Again, to the extent accountability is on the table, participants questioned whether differentiation should come into play for *how* sanctions are applied. The discussants broadly agreed that American higher education is diverse, with an extraordinary array of schools and programs.

So if Washington is to identify schools with poor outcomes, how will it determine what factors are contributing to its lack of success? Republican participants generally regarded accreditors as the appropriate actors to differentiate success by institutional mission and context. Most of the Democrats were more expansive in their sense of who could or should do this differentiation, including potentially by looking at how a school is spending its money. As one participant mentioned, "A school spending money on students and failing is a much different conversation than a school failing and *not spending* its money on students." However, other participants cautioned that this could be a dangerous place for the federal government to wade in, especially as spending measures are another metric that could be gamed.

Insight #6: Accreditors Have a Role to Play—Especially When It Comes to Continuous Improvement

Historically, fierce disagreements have abounded in Washington over what kind of role the federal government should play in monitoring and holding schools accountable. One way to bypass many of the concerns prompted by talk of federal accountability in higher education is by strengthening the watchdogs that currently exist—namely, the accrediting agencies.

For starters, participants agreed that the current accreditation process is broken, with too little emphasis on outcomes—and with accreditors unable or unwilling to do more to address concerns about quality or cost. Thus, both Republicans and Democrats shared the conviction that accreditors could play a much bigger role in policing institutions and helping weak schools improve. But they also shared enormous skepticism about whether accreditors are capable of answering that challenge. That is why participants suggested rethinking accreditors' expectations, so they are not just the gatekeepers to Title IV funding but also a more robust guardian of quality and impetus for improving student outcomes. This topic is a big opportunity for upcoming HEA discussions.

Conclusion

In today's polarized political discourse, it can be difficult to find common ground between Republicans and Democrats for many of our nation's biggest challenges. In higher education, however, it appears there are some meaningful opportunities for fruitful discussion across party lines. Our conversations revealed bipartisan agreement that too many students are ill-served by college, that colleges are insufficiently responsible for student outcomes, that too many students wind up with too much debt, that taxpayers cannot be confident that their dollars are being invested wisely, and that the higher education "market" is in the grips of dysfunction. That is a striking amount of agreement, even if there is far less unanimity on just what to do about all this or on what Washington's role should be in addressing these problems.

While there are significant, principled disagreements about how to approach HEA and what the federal government's role should be in higher education transparency and accountability, it is also clear that stakeholders from the left and the right see the opportunity for a path forward. From strengthening transparency to seeking ways for accreditors to play a more constructive role, this report targets a number of topics on which members of Congress might find common ground as they tackle the reauthorization of HEA. We hope they will find this summary a promising starting point for conversation.

About the Authors

Lanae Erickson is senior vice president for social policy and politics at Third Way.

Frederick M. Hess is a resident scholar and the director of Education Policy Studies at the American Enterprise Institute.