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Are the Watchdogs Watching? Demystifying Accreditation

Michael Itzkowitz
Senior Fellow, Higher Education
@mikeitzkowitz

Less than 5% of first-time, full-time students who attended Cuyahoga Community College in Cleveland, Ohio, earned a degree from that institution.[1] Less than 10% of the students who received federal loans to attend Denmark Technical College in Denmark, South Carolina, were able to begin paying down those loans within three years of leaving school.[2] Yet, even with these poor outcomes for students, both of these institutions remain fully accredited.

As the U.S. Department of Education states, "Accreditation is an important signal to students, families, and the Department about whether a school offers a quality education." [3] This seal of approval is supposed to provide a level of assurance to prospective students who are considering attending a certain institution. However, federal data shows us that being accredited doesn't always indicate successful student outcomes. In fact, there are accredited institutions that fail to graduate up to 90% of their students and have abysmal results on other indicators, like students being able find well-paying jobs and eventually pay off their student loans.

This type of troubling data on student outcomes at a number of our country's for-profit, private non-profit, and public institutions—has raised significant concerns over the structure and effectiveness of the accreditation system we have. Is it working the way it should? Does it assure students and families that an accredited college is a good college? And is it an effective gatekeeper to ensure that taxpayer dollars (in the form of federal grants and loans) are being used effectively?

To explore these questions, this memo explains what the intended purpose of accreditation actually is, how the system is currently structured, and how well it is working for students who are attending accredited institutions today.

What is Institutional Accreditation?

Each year, the federal government gives institutions of higher education over $150 billion in federal student aid for over 13 million students under the implicit assumption that these institutions will provide students with the opportunity to gain the knowledge and skills they need to better their lives. [4] In order to guarantee this basic assurance to students and ensure that taxpayer money is being spent wisely, the federal government relies on a third party system to determine which colleges and universities are worthy of this kind of investment. This system is known as accreditation.

Accrediting agencies are independent, non-profit, non-governmental entities. They have been around for more than a century, having started originally as the facilitators of a voluntary "peer review" process to examine institutional quality. In 1952 with the GI Bill, the federal government also decided to use accreditation as a prerequisite for institutions to be able to accept federal financial aid. [5]

Accreditation today purports to have two main functions: ensuring that institutions provide acceptable levels of academic quality and serving as the gatekeeper for whether or not an institution can receive federal funds. [6] This means that if an institution fails to meet the standards necessary to earn this seal of approval, students cannot use federal grants or loans to attend. And because the federal investment in higher education is so massive, without that federal funding, most schools cannot afford to operate. As a result, accreditation plays one of, if not the most powerful, role in determining which institutions can and cannot serve students seeking a higher education.

To become recognized by the federal government and serve the federal gatekeeping function, accrediting agencies must go through a formal process by which the Secretary of Education determines whether or not that entity meets certain criteria that are defined in law and regulations. This includes factors like whether that accreditor has 1) standards that effectively assess success with respect to student achievement, 2) adequate administrative staff and financial capacity, 3) previous experience accrediting schools, and 4) internal controls against conflict of interest. [7]

Of the institutional accreditors recognized today, five are classified as national accreditors and nine as regional accreditors. [8] Regional accreditors oversee institutions within different geographic areas of the country (such as the Southern Association of Colleges and Schools or the Middle States Commission on Higher Education), while national accreditors have members all across the United States. Typically, regional accreditors oversee larger, public or non-profit, degree-granting institutions. National accreditors more often accredit smaller, for-profit institutions with mostly vocational program offerings that often do not award degrees. There are also a large number of programmatic accreditors that focus on particular academic programs or professional schools within an institution. Certain professions require anyone seeking a license to have graduated from an accredited academic program. For example, many states require lawyers to have graduated from an American Bar Association accredited program in order to practice law.

How Do Institutions Become Accredited?

In order for an institution to become accredited, they must receive approval by one of the 14 institutional accreditors operating in the United States today. [9] Institutions usually pick an accreditor based upon its mission, program offerings, and location. It must go through an evaluation process to demonstrate that it meets its accreditor's standards, which are approved by the accreditors' board (made up of member institutions) and also reviewed by the U.S. Department of Education in the recognition process described above. This evaluation process includes both a self-study and an on-site evaluation by a team of volunteer peer reviewers overseen by the accreditor's staff. Institutions are required to be assessed on a number of factors, such as an institution's curricula, faculty, facilities, fiscal and administrative capacity, recruiting and admissions practices, student support services, measure of program length, and student complaints. [10] While accreditors are also required to take account of whether an institution assesses student learning by evaluating such things as college's course completion rate, passage rates on state licensure examinations, and the percentage of students who get a job post-enrollment, they do not have to account for how institutions actually perform on each of these metrics. [11] Each institution is assessed through the lens of their unique mission, although sometimes very different standards set by their individual accreditor. [12]

If an institution meets or exceeds all of the standards set by that accrediting agency, it then becomes accredited and joins as a member of the accrediting agency itself. After obtaining initial accreditation, an institution is required to renew its accreditation through another comprehensive evaluation process between every three and 10 years, depending on the accreditor. [13]

How Are Student Outcomes Monitored in Accreditation Now?

The *Higher Education Act* (HEA) requires that every accreditor take student achievement into account when making a determination about whether or not an institution should become accredited. To do so, accreditors rely heavily on an institution's own self-assessment to define and measure what are acceptable levels of achievement for its student body and institutional mission—and how to define it. Then, during the peer review portion of the evaluation process, that self-assessment is used as a starting point, and peer reviewers determine whether or not the institution's self-assessment was accurate. [14]

The problem with this way of monitoring student achievement is that it relies entirely on standards set by the accreditor, its member institutions (who serve as peer reviewers), and the institution itself. (Because all of these entities involved in this process will benefit from each other succeeding, some have deemed this process ineffective and an inherent conflict of interest.) [15] Only recently have institutional accreditors begun to even consider how existing federal data, such as federal graduation and retention rates, should be part of their review and evaluation process. [16] However, this data is not being used to sanction or accredit institutions.

Why don't accreditors have uniform standards? The HEA bans the Department of Education from requiring any student achievement standard as a prerequisite for accreditation. [17]

Therefore, the Department cannot say that a certain graduation rate or loan repayment rate is simply too low for an institution to become accredited. This means that although accreditation is the gateway to federal funds, even the worst student outcomes do not necessarily prohibit an institution from being accredited. Institutions that display these types of troubling outcomes can still maintain full accreditation status, advertise themselves as an accredited institution, and continue to receive money from the federal government.

Are Accredited Schools Failing Students?

These problems are not simply hypothetical. There are some alarming outcomes at accredited institutions around the country that we can see from available Department of Education data. To help illuminate the scope of the problem, we used the Department's College Scorecard data to analyze the over 6,800 accredited institutions within the United States. [18] We explored three measures commonly associated with student success. These include graduation rate, loan repayment rate, and the percentage of students who earn more than the average high school graduate after attending an institution. [19]

Currently, there are over 6,800 institutions that are granted accreditation status in the United States. Within those institutions, over 135 of them have a graduation rate of 10% or less for their first-time, full-time student population. Over 775,000 students attend those institutions. [20]

775,000 students attended institutions where

less than 10% graduated

3,510	2,480
institutions enrolled 8 million students, and **only half** could repay their loans three years after leaving	institutions enrolled 4.3 million students, and **only half** earned more than $25K six years after entering

Additionally, there are over 3,510 accredited institutions (enrolling 8.0 million students) where less than half of undergraduate students are able to repay their loans within three years after they leave that institution. [21] And, there are another 2,480 institutions (enrolling 4.3 million students) where more than 50% of students still earn less than the average high school graduate ($25k/year) six years after enrolling. [22] This essentially makes attendance at these institutions a financial coin flip. Yet, the federal government is continuing to issue students loans to attend these schools where at least half of students will see no economic benefit from attendance. [23]

What Could Be Done to Make Accreditation Work Better?

It's clear that the current accreditation system is not providing the appropriate attention to student outcomes as part of its evaluation process. The number of institutions that exhibit extremely poor student outcomes make it apparent that the accreditation system in its present form doesn't do enough to protect the massive taxpayer investment it oversees. This watchdog for the federal government is not structured to adequately protect our students from low-performing institutions or to assure minimum guarantees of quality when students and families write their tuition checks.

There is renewed interest, however, among stakeholders to make this process work better for students and taxpayers alike. Accreditors, Congress, and the Department of Education should continue to move towards a more outcomes-based system that focuses more directly around student experiences during and after their time at an institution. This could even lead to a system where institutions can be tiered in terms of performance, which could in turn allow accreditors to better focus their limited resources on institutions that need the most improvement while spending less of their time reviewing institutions that consistently demonstrate strong outcomes across all groups of students. These types of changes would not only better protect our taxpayer dollars but, most importantly, would provide students with a better return for their investment of time and money.

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1. At this institution, 26% of students were counted as "first time, full-time" in 2015. It reported enrolling 14,466 undergraduate certificate or degree granting students in fall 2014.

2. At this institution, 28% of undergraduate students took out federal loans to help pay for college. It reported enrolling 1,668 undergraduate certificate or degree granting students in fall 2014.

3. United States, United States Department of Education, "What College Accreditation Changes Mean for Students," blog, Accessed on January 6, 2017. Available at: https://blog.ed.gov/2016/12/college-accreditation-update/

4. United States, United States Department of Education, Office of Federal Student Aid, "Who We Are: Federal Student Aid," webpage, Accessed on January 3, 2017. Available at: https://studentaid.ed.gov/sa/about

5. Susan B. Hannah, Finding the Balance: A Political Analysis of the 2008 Reauthorization of the Higher Education Act 21 (2010), Presented at Midwest Political Science Association Annual Meeting. Accessed on January 25, 2017. Available at: http://opus.ipfw.edu/polsci_facpres/57; See also Matthew Finkin, CHEA, "Who Watches the Watchman? Thoughts on the Federal Relationship to Accreditation in Higher Education," 2009, Accessed on January 25, 2017. Available at http://www.chea.org/pdf/2009_AC_Who_Watches_the_Watchman_Finkin.pdf

6. United States, United States Department of Education, Office of Postsecondary Education, "Overview of Accreditation in the United States," webpage, Accessed on January 3, 2017. Available at: http://www2.ed.gov/admins/finaid/accred/accreditation.html#Overview

7. 20 USC Sec., 1099b, (a) (5) (A-J) 2011. Accessed on January 3, 2017. Available at: https://www.gpo.gov/fdsys/pkg/USCODE-2011-title20/html/USCODE-2011-title20-chap28-subchapIV-partG-subpart2-sec1099b.htm

8. United States, United States Department of Education, Office of Postsecondary Education, "Regional and National Institutional Accrediting Agencies," webpage, Accessed on January 25, 2017. Available at: https://www2.ed.gov/admins/finaid/accred/accreditation_pg6.html

9. Ibid.

10. 20 USC Sec., 1099b, (a) (5) (A) 2011. Accessed on January 3, 2016. Available at: https://www.gpo.gov/fdsys/pkg/USCODE-2011-title20/html/USCODE-2011-title20-chap28-subchapIV-partG-subpart2-sec1099b.htm

Ibid.

12. United States, U.S. Department of Education, "National and Programmatic Accreditors Summary of Student Achievement Standards," Report, January 2017. Accessed on February 2, 2017. Available at: https://www.ed.gov/accreditation

13. United States, U.S. Department of Education, "Current Practice of Recognized Accreditors Student Achievement Standards," Report, October 2016. Accessed on January 3, 2017. Available at: https://www.ed.gov/accreditation

14. United States, United States Department of Education, Office of Postsecondary Education, "History of Accreditation in the United States," webpage, Accessed on January 25, 2017. Available at: https://www2.ed.gov/admins/finaid/accred/accreditation.html#history

15. Preston Cooper, "Many Accreditors Have Conflict of Interest," *Forbes* November 18th, 2016, Accessed on January 25, 2016. Available at: http://www.forbes.com/sites/prestoncooper2/2016/11/18/the-double-lives-of-higher-educations-watchdogs/#40d40b1a13a9

16. Andrew Kreighbaum, "Tougher Scrutiny for Colleges with Low Graduation Rates." *Inside Higher Ed,* September 21, 2016. Accessed on January 25, 2017. Available at: https://www.insidehighered.com/news/2016/09/21/regional-accreditors-refocus-institutions-low-grad-rates

17. 20 USC Sec., 1099b, (g) 2011. Accessed on January 3, 2017. Available at: https://www.gpo.gov/fdsys/pkg/USCODE-2011-title20/html/USCODE-2011-title20-chap28-subchapIV-partG-subpart2-sec1099b.htm

18. United States, U.S. Department of Education, "College Scorecard Data," webpage. Accessed January 25, 2017. Available at: https://collegescorecard.ed.gov/data/.

19. To perform this analysis, we only included institutions with an accreditor listed within the College Scorecard dataset as of January 13, 2017. This includes institutions recognized by the Accrediting Council for Independent Colleges and Schools (ACICS), an accrediting agency whose recognition was terminated by the Secretary in December 2016. While ACICS is no longer a federally recognized accreditor, the Department of Education has provisionally certified ACICS institutions for an 18 month period following the Secretary's decision.

20. Ibid.

21. Ibid.

22. Ibid.

23. While institutions with multiple campuses have a unique identifier for their graduation rate through the Integrated Postsecondary Education Data System, some group multiple campus locations together for information submitted to the National Student Loan Data System (NSLDS). In this instance, the College Scorecard dataset applies that average for NSLDS metrics (such as repayment rate and earnings information) across those grouped campuses.