

Testimony by Sylvia Manning
President, Higher Learning Commission, North Central Association of Colleges and Schools
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Chairman Harkin, Ranking Member Enzi, members of the Committee, thank you for this opportunity to address the important issues before you today.

My name is Sylvia Manning, and I am president of the Higher Learning Commission of the North Central Association of Colleges and Schools. We are the regional accreditor for 19 states referred to as North Central.

The administration, the Congress and the American people are increasingly concerned about the oversight of our nation's institutions of higher education. Students, their parents and taxpayers all deserve real value for their investment of time and money as they pursue the American Dream of college education. At the Higher Learning Commission, we strive to fulfill our responsibilities to all these stakeholders.

Before I go further, let me set forth three of the underlying premises that inform our work.

- We believe the higher education enterprise as a whole faces significant challenges: problems of access, cost, consumer information and students' completion of programs.
- We believe that standards of quality must be met and continuously improved. An organization is either improving its quality or losing it.
- We believe that accreditation is part of the solution, but by no means the entire solution.

Let's start with the big picture. Accreditation is based on the belief that institutions and occupations that serve the public require rigorous review by professionals who know and care. More than one hundred years ago, colleges created associations to set a common standard for college education. With time, more elaborate criteria evolved, all with the purpose of improving colleges. In the 1950s, Congress sought to ensure that GI Bill funds went to a bona fide college education. Because Congress did not want an all-powerful European-model ministry of education dictating to every college, it instead entrusted the determination of academic quality to the accreditation process. It assigned to the forerunners of the Secretary of Education the role of assuring institutions' administrative and financial capacity to manage federal funds, which of course includes administrative and financial integrity. Meanwhile, states authorized higher education operations within their borders.

As decades passed, at the behest of Congress, accreditation assumed additional tasks, such as checking institutions' compliance with certain federal requirements. But the essential division of responsibility remained. To assess capacity for administering federal funds and to protect against fraud and abuse, you need the authority of government. But to assess academic quality at the level of higher education, you need the authority of professional experience and current knowledge.

Here is how it works: A small staff manages a large corps of professionals from higher education – professors, college presidents and other educators – who volunteer their services. The decision-making bodies that act on these professionals' eventual recommendations – for example, to grant or reaffirm

accreditation – also include “public” members, who have no connection to higher education but do this work as civic service.

To make their recommendations, the higher education experts review voluminous written materials, conduct site visits and write reports. An institution that applies for accreditation goes through an eligibility review and then a review to achieve candidate status. Then after two to five years in candidacy, the institution may be granted initial accreditation after another comprehensive review. After five years it will be reviewed for reaffirmation of accreditation. Then it enters a 10-year cycle of comprehensive reviews, but about two-thirds of our institutions have various reporting requirements during that 10-year period. We also collect data from them on an annual basis to watch for indicators that might raise concern.

What is the value of accreditation to the institutions? For some, it is access to Title IV federal funds. But getting access to funds was not the basis of accreditation’s historical covenant with institutions of higher education, and it still is not. That covenant was for a shared commitment to quality. When it comes to higher education, the nation needs more than minimum standards. “Minimum” is not how America built the best higher education system in the world, and “minimum” is not how we will sustain it.

Regulation is good for enforcing minimum standards. But the mission of accreditation is to go far beyond “minimum” to stay ahead in an ever-more competitive world. That is why colleges accept the demands of accreditation, agreeing to hold themselves accountable to the entire group. It is in the interest of every college to make and keep American higher education the best it can be. Like most enterprises, accreditation has room for improvement. But I do believe that were this role lost – the role of continuously pushing colleges and universities to be better than they are currently – the overall quality of higher education would decline, and the students would suffer.

In that spirit, I am here to discuss five major changes we have already made in the accreditation process, 10 initiatives that we are in the process of implementing, five ways in which public policies can further these changes and the cautions we must keep in mind as we move forward together.

Let me turn to the story that is on your minds. For many years, the Higher Learning Commission accredited a small Catholic university in Clinton, Iowa, called Mount St. Clare College and later Franciscan University of the Prairies. Like many other institutions of higher education, the University struggled with debt, declining enrollments and the likelihood that, without help, it would close. To avoid that fate, in 2005 the university sold its assets to Bridgepoint Education, which bought the university with private equity and changed the name from Franciscan to Ashford University. From 2007 onward, tens of millions of dollars in private equity transformed that small university in Iowa into a huge online entity, most of whose operations are headquartered in California.

The Commission continued the accreditation of Franciscan University of the Prairies through its acquisition by Bridgepoint and the change of name, and the changeover was never subject to the normal rigors of initial accreditation, as a new school would be. The purchase took place three years before I became president of the Higher Learning Commission. In fairness, my predecessors could not have foreseen in 2005 what would happen. Additionally, it is a virtual certainty that had Franciscan University of the Prairies not been purchased when it was, it would not exist today under any name. There would be no campus in Clinton, Iowa. As it is, there is a campus, its facilities have been improved and its enrollment has increased significantly.

That said, with a better understanding of today's transformations in higher education, in 2008 we began to develop policies and procedures to respond to them, allowing us to address such situations thoroughly and effectively. Let me explain the changes that we have made.

Changes We Have Made

- 1) **First** and foremost, to prevent the purchase of an institution for the sole purpose of acquiring its accreditation, a proposed purchase is subject to intense scrutiny. After the purchase the institution must remain essentially the same institution that the Commission examined when it last reaffirmed accreditation. If the purchase is approved, the approval can attach numerous stipulations as to future development of the institution, including returning the institution to candidacy status, effectively removing full accreditation. These purchases used to be approved by the Commission's staff. Now, in a major change of policy, they are subject to a fact-finding examination beforehand and a final review by the entire Board of Trustees of the Commission.

Two examples that this worked: In 2010 we had two situations similar to Bridgepoint and Franciscan. When we refused to extend accreditation under a proposed purchase of Dana College in Nebraska, the refusal attracted attention because the school unfortunately closed in consequence. There was less public attention to a similar denial a few months earlier because the school slated for purchase, Rochester College in Michigan, is still in business.

These decisions reflect our new, strengthened policy on acquisition. I am happy to provide additional details of those changes should you be interested.

- 2) Our **second** new policy was to put a halt to "forum shopping." "Forum shopping" was the practice of institutions choosing to locate in a region in which accreditation is perceived to be easier and in a state with favorable regulation and taxation. This was always impossible for an institution such as the University of Michigan, because it can only exist in Michigan. But it was fairly easy for an institution operating in several states, especially for an online institution. We made "forum shopping" in our region impossible for all institutions by tightening our jurisdictional requirements. Under new bylaws, institutions must both be incorporated in our region and have substantial operating presence in our region.
- 3) **Third**, we made initial accreditation tougher. It used to be that an institution could bypass the candidacy period and go directly to full accreditation. We now require that an institution spend a minimum of two years in candidacy before applying for initial accreditation. This mandated candidacy lets us get to know the institution well, thus strengthening the determination as to whether it deserves accreditation. Accreditation has never been easy or automatic. In the past ten years, 120 institutions came to us seeking accreditation. Of those 120, today 37 are accredited, 34 are still somewhere in the application process (and may or may not get accredited) and 49 – or 40 percent – have been denied or discouraged and are no longer at our doorstep. We ensure that undeserving institutions do not receive accreditation.
- 4) **Fourth**, we apply greater scrutiny to major institutional changes such as development of programs at a new level (for instance, beginning to offer master's degree programs), new sites of instruction, change of mission or student body and initiation or growth in programs delivered through distance education.

- 5) **Fifth**, we increased our capacity for consulting legal and financial experts as we need them, particularly in cases of change of control and initial applications for accreditation.

Changes We Are Making

Now, for the changes that we are making. Last week we released a proposed revision of our Criteria for Accreditation, the result of more than a year's work in reviewing our standards. We are implementing 10 new requirements. The first six advance transparency:

1. **First**, institutions need to disclose full descriptions of their program requirements to the public.
2. **Second**, students must be made aware not only of whether an institution as a whole is accredited but also whether its programs have professional accreditation, especially when licensure requires completion of a professionally accredited program.
3. **Third**, institutions must make public not just their transfer policies, which federal regulations now require, but how credit is applied to degree requirements. And they must make no promises to any individual student regarding credit for prior work unless and until an evaluation has been completed.
4. **Fourth**, institutions must make publicly available full and clear information on all costs and their refund policies.
5. **Fifth**, institutions must publicly disclose the names and credentials of their faculty.
6. **Sixth**, institutions are required to post telephone numbers through which students can reach them directly.

In addition:

7. **Seventh**, the new criteria bring new focus on keeping and graduating students. We will require institutions to pay greater attention and report on what they are doing. We will also analyze the data we collect annually from institutions to determine when it is time to look more closely at their persistence and graduation rates.
8. **Eighth**, we are developing the capacity to survey students extensively. Hitherto, accreditation has relied on the happenstance of student complaints and on interviews with students during campus visits by accrediting teams. The ease of Internet surveying will allow us to reach large numbers of students.
9. **Ninth**, we are strengthening our oversight of institutions that are newly accredited, that have recently undergone a change of control (e.g., a merger, acquisition or change of structure), or that are rapidly changing. They will undergo a comprehensive review every five years, not ten, and will be subject to midpoint review.
10. **Tenth** and finally, we, the accreditors, need to be public about more of our findings. Many will point out that families are already inundated with more information on colleges than anyone can deal with. We need to figure out and provide the information that will be meaningful to a general public, and we intend to do so.

How Public Policies Can Help

I'd like to spend a few minutes on how Congress, the administration and other policymakers can help us do better.

1. **First**, the Department of Education collects data from institutions through its Integrated Postsecondary Education Data System (IPEDS). While it is in everyone's interest that we all use the same data, there are some things that are inadequate. For example, we need student retention and graduation rates based on contemporary student attendance patterns to improve our oversight.
2. **Second**, the 2008 Higher Education Opportunity Act made it more difficult for accreditors to withdraw accreditation from an institution. While we accept the importance of due process, future legislation need go no further in that direction. Instead, I respectfully suggest that accreditors be afforded some safe harbors from ruinous litigation that may now be initiated when we take tough, but necessary, adverse action.
3. **Third**, just as we are building stronger ties to the state higher education authorities in our region, it would be helpful for us to be better informed when the Department of Education or the Inspector General has concerns about the behavior of an institution that would bear upon our standards for institutional integrity, enabling more of a partnership toward common goals.
4. **Fourth**, we are hampered in our efforts when institutions can settle charges of non-compliance with federal regulations simply by paying fines. When an administrative agency or court declares no findings as part of a negotiated settlement with no admission of liability by the institution being investigated, the institution is effectively absolved, leaving the accreditor no record upon which to build a case for non-compliance with, for example, standards for integrity. It would be helpful if fines were large enough to be effective deterrents, and settlements stuck by the findings in the case.
5. **Fifth**, Peter McPherson, President of the Association of Public and Land-Grant Universities, has suggested another type of action against institutions that have violated federal requirements with regard to financial aid. The idea is to penalize institutions by limiting for some period of time the number of students on federal financial aid that the institution is allowed to enroll. In some ways similar to the NCAA penalties of limiting athletic scholarships, this is a proposal well worth consideration.

Finally, as we work with Congress and the administration to promote quality and accountability, I would ask that we keep the following cautions in mind:

- The vast majority of institutions of all types today offer courses and whole programs on the Internet. The larger for-profits have attracted attention for their scale, but there are very large programs at traditional institutions as well. Distance education is the most powerful invention for increasing access to higher education since the light bulb. Skillfully and ethically used, it has the potential to exceed the access created by the Morrill Act, the establishment of community colleges and the GI Bill, especially for rural areas. If there are problems with distance education, it is not with the modality itself but in how the modality is used or exploited.

- Both accreditors and regulators need to be cognizant of the ever-present potential for collateral damage. Laws or regulations designed with bad actors in mind often can create more damage for good actors than impediments for bad actors. I have pleaded before, and do so again, that whatever laws or regulations are devised be tested especially for their effects on small colleges. Hundreds of these colleges do wonderful work with small budgets and create great value for their students and the often-limited regions in which they are known, and they can be enormously impacted by regulation designed with other types of institutions in mind.

If our economy is to become more competitive, our middle class to thrive and grow and our democracy to become even more inclusive and vibrant, our nation has no higher priorities than expanding access to our institutions of higher education and enhancing their quality. That is why we must continue to improve the oversight of our colleges and universities and to spur their improvement. Higher education has changed rapidly and will continue to change. We recognize these changes, and we are acting on them, enabling us to help institutions serve their students well.

Thank you again for the opportunity to be with you today. I would be happy to answer any questions you might have.