

Outcomes-Focused, Differentiated Accreditation

A Framework for Policy and Practice Reform

May 2016

EducationCounsel
Policy | Strategy | Law | Advocacy

Contents

- I. Grounding recommendations: five inter-related elements
- II. Framework for outcomes-focused, differentiated accreditation

Appendix A: Policy options and recommendations

Appendix B: Applying the framework to different institutional contexts

Complementing this slide deck is a policy brief(available at www.educationcounsel.com) that provides additional background and describes our theory of action in greater detail.

I. GROUNDING RECOMMENDATIONS

Grounding Recommendations

Our vision for accreditation reform has five inter-related elements that, together, could build a system that is more responsive to student outcomes and better at directing time, resources, and attention to those institutions that need it most.



Focus on student outcomes



Risk assessments as the key lens in accreditation



Differentiated engagement with institutions



Aligned recognition process



Reduction of regulatory burden

Grounding Recommendations



Focus on student outcomes. For federal purposes, traditional "input" measures of institutional quality (e.g., curriculum and instruction, faculty and leadership, student support services, and resource management) should be evaluated only in light of student outcome measures that are available for all institutions that receive federal funding. (Programmatic accreditors likely need to develop separate outcomes measures appropriate for their programs.)

Grounding Recommendations



Risk assessments as the key lens in accreditation. Accreditors should use a risk assessment to determine their confidence levels in the quality of member institutions. The assessment should be made up of multiple measures including available student outcomes data and the institution's regulatory history with its accreditor as well as state and federal authorities.

Grounding Recommendations



Differentiated engagement with institutions.

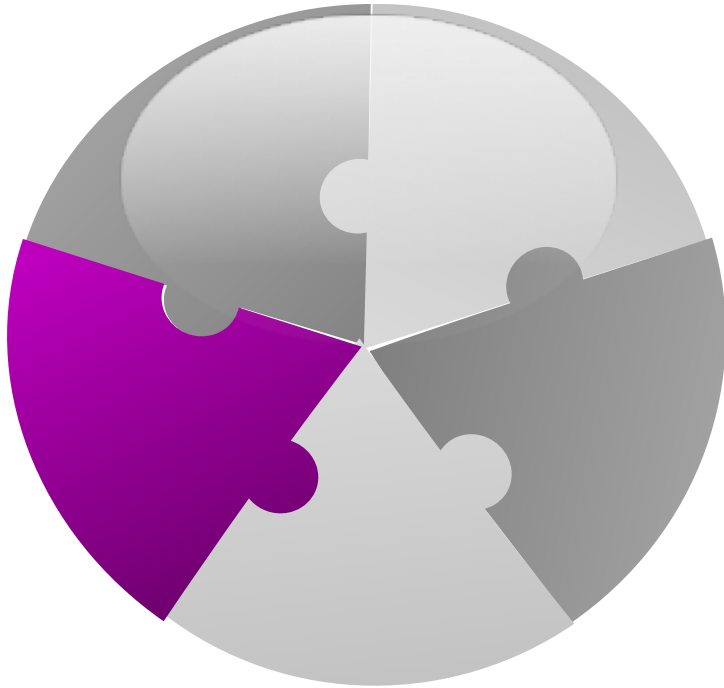
Accreditors should differentiate among their member institutions to provide varying levels of engagement and support based on results from the risk assessment. Continuous improvement should be undertaken by all institutions – and can take different forms driven by different accreditors – but accreditors and others in the triad should collaborate to address those institutions with low confidence ratings.

Grounding Recommendations



Aligned recognition process. USED's accreditor recognition process should support accreditors in the move to outcomes-focused, differentiated systems. The process should include a review of the measures used in risk assessments and accreditors' exercise of professional judgment in assigning categories and responses to flags raised (especially for "low confidence" schools). The focus should be on a mix of process and outcome measures analyzed pursuant to a continuous improvement model – rather than the current compliance-driven "checklist" approach.

Grounding Recommendations



Reduction of regulatory burden. As new federal requirements are created for accreditation, existing requirements should be removed if they create costs and burdens for accreditors and institutions but are not fundamental to the achievement of core federal interests. This could involve the removal of existing requirements such as mandatory site visits regardless of institutional performance metrics and a one-size-fits-all review process that forces all accreditors and all institutions to comply with the same lengthy list of requirements regardless of performance in those areas.

II. FRAMEWORK FOR OUTCOMES- FOCUSED, DIFFERENTIATED ACCREDITATION

Vision for Outcomes-Focused, Differentiated Accreditation

What would the process look like?

1. Outcomes-focused risk assessment

Federal legislation and regulation should set some ground rules (discussed in detail later), but are **not** needed to govern all parts of the system.

2. Categories for institutions

High confidence

Medium confidence

Low confidence

3. Differentiated responses based on flags

Continuous improvement

Peer review focused on flags in risk assessment

Deep engagement working toward significant improvement

Step 1: Outcomes-Focused Risk Assessment

Recommended measures for institution-level accreditation – all currently (or soon-to-be) available for all institutions

Student profile and outcomes

Absolute values and changes over time

- **Student population.** How many students does the institution serve? How many are Pell eligible?
- **Retention.** How many and what percentage of students are retained at the institution (using measures appropriate for the sector)?
- **Completion.** How many and what percentage of students graduate within 150% of normal time?
- **Loans.** What percentage of the institution's students take out loans? What is the loan repayment rate of the institution's alumni (including those who do and do not complete their programs)? What is the institution's cohort default rate?

Regulatory history and standing

- **Accreditation.** Has the institution been in good standing with the accreditor? What issues have arisen that have threatened or changed that status?
- **Federal compliance.** Does the institution have an acceptable financial responsibility score? Has it had to produce a letter of credit recently?
- **State compliance.** Has the institution been appropriately authorized to operate by its state – and maintained that status?
- **Investigations and lawsuits.** Are any federal or state investigations or lawsuits currently pending against the institution that implicate the institution's quality and ability to fulfill its obligations to its students?
- **Student complaints.** Do available student complaints implicate the accreditor's quality standards?

Other risk factors

- **Enrollment changes.** Has the institution experienced a dramatic enrollment expansion or contraction? Has it embraced new learning settings (e.g., online programs) in a significant new way?
- **Ownership changes.** Has the institution changed its organizational structure, been sold or come under new ownership, or reorganized under a new business model?
- **Other.** Has the accreditor identified any other significant event that calls into question the institution's quality and ability to fulfill its obligations to its students?

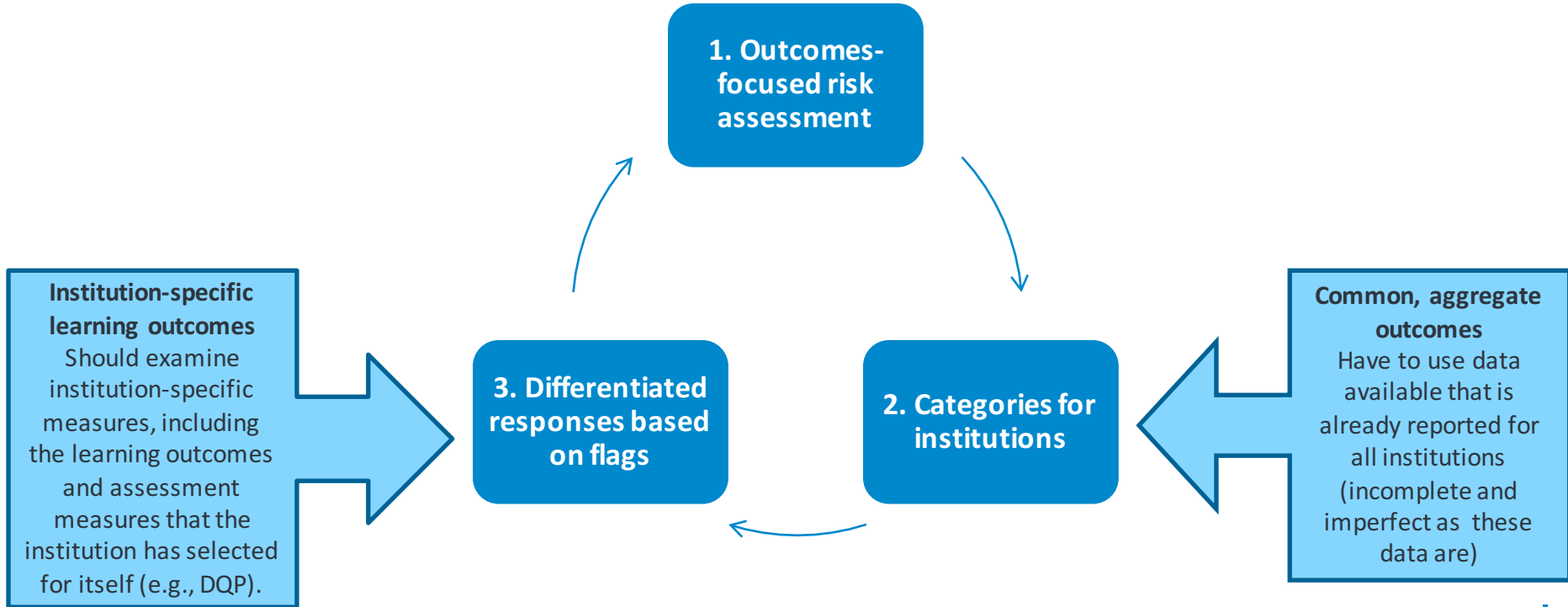
Step 1: Outcomes-Focused Risk Assessment

Data not yet fully available that could be helpful

- 🎬 Improved graduation rates (e.g., incorporating the student achievement measure or other means of including transfer rates)
- 🎬 Pell retention rate
- 🎬 Pell full-time graduation rates within 150% of normal time*
- 🎬 Pell recipient repayment rates*
- 🎬 Program-level outcomes

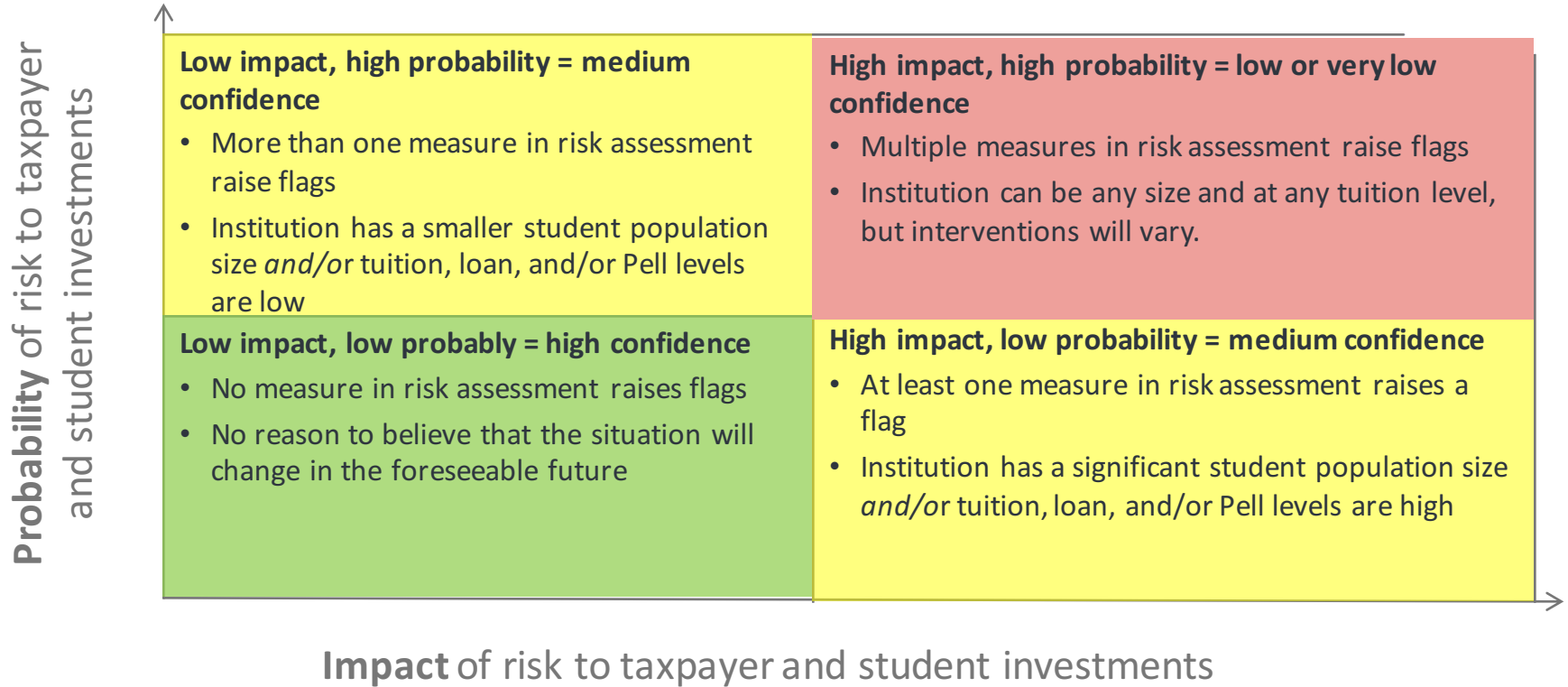
Step 1: Outcomes-Focused Risk Assessment

Aggregate outcomes v. student learning outcomes



Step 2: Categories for Institutions Based on Initial Assessment

Basic framework (to be refined over time, particularly as new data become available.)



Step 2: Categories for Institutions Based on Initial Assessment

Underlying assumptions

High confidence

Using accreditors' professional judgment, sector, context, students served, or mission can inform distinctions between high and medium confidence

Accreditors may determine appropriate line between the two categories.

Accreditors may add additional categories for their own purposes.

Most institutions will fall into one of these categories.

Medium confidence

Low confidence

Category applies regardless of sector, context, students served, or mission.

Federal law may define the threshold(s) and apply them to all accreditors.

Step 3: Differentiated Responses

Recommended Measures

High confidence

- Self-guided continuous improvement
- Peer review or site visit can take place, but not required by federal law

Medium confidence

- Accreditor-guided continuous improvement
- Peer review is focused on flags in risk assessment

Low confidence

- Mandatory improvement plan
- Deep peer review on all aspects of institution
- Accrediting agency will inform and coordinate with states and USED to determine timeline, student notifications, and possible interventions

Step 3: Differentiated Responses

Possible consequences for **low confidence institutions**

- For institutions below the federal "low confidence" threshold based on federal data sources, the **Department could send a request for additional information from the relevant accrediting agency and institution** to explain the results, identify any data errors, and describe planned response strategies before determining the Department's own intervention strategy.
- The **Department could have authority to impose a range of consequences** for institutions at the low confidence level beyond revocation of Title IV eligibility, such as limits on the amount and/or type of federal funding available until the institution makes marked improvements.
- For institutions confirmed to be at the low confidence level, federal law could require an **oversight group** of Department, state regulator, and accreditor representatives to be established.
 - The group would define a timeline for improvement (potentially based on federally defined expectations) and coordinate communication related to each member's planned responses.
 - Though federal law may define baseline rules (e.g., the institution must show improvement within a 2-3 year timeframe or face loss of or limitations on Title IV eligibility), it could allow the oversight group to determine other details to suit the specific context of the institution.
 - Other members of the triad could potentially also request that an oversight group be formed.

III. POLICY OPTIONS AND RECOMMENDATIONS – **WORKING DRAFT**

About this section

- This section lays out the various policy decisions that must be made to design and implement outcomes-focused, differentiated accreditation.
- For each step outlined in Section III (the Framework), we identify several options that could allow the system to move forward.
- Options are roughly ordered by the level of detail that would go into federal statute and/or the level of direction that federal law or federal authorities would have over the process.
- Our recommended option is in **blue, bold text**.
- We do not identify options that do not present the right balance of flexibility and rigor in federal law. For example, we do not recommend that federal statute leave all decisions about what measures to include in the risk assessments to the regulatory process and/or accreditors' own decisionmaking processes.

Initial decision to pursue outcomes-focused, differentiated accreditation

- **Option 1: Federal statute mandates both outcomes focus AND differentiated responses (at least for low confidence institutions).**
 - This would be accompanied by a significant reduction of other federal accreditation requirements not related to these core reforms.
- Option 2: Federal statute only mandates outcomes focus. Accreditors decide whether to pursue differentiated response systems (at least for high and medium confidence institutions).
- Option 3: Federal statute only mandates differentiated responses, but not outcomes focus.
- Option 4: Federal statute mandates neither outcomes focus nor differentiated responses, but provides incentives for accreditors to move to these systems.

Why Option 1?

- Without clear guidance from statute, the system may not be designed with the right incentives and parameters in place.
- The outcomes focus and differentiated responses are part of a "bargain" that high performing institutions may receive some relief from regulatory burdens if they can demonstrate strong outcomes.
- Without outcomes, differentiated accreditation could be based on a wide range of factors that may bury student outcomes as a driver.
- Without differentiation, accreditors and institutions may not be able to focus resources appropriately.

Changes to the recognition process

Core recommendations to support this framework

- Option 1: The recognition process involves an outcomes-focused, differentiated review of *accreditors*.
- **Option 2: The recognition process does not make accreditors directly accountable for the student outcomes of their institutions, but does require accreditors to describe and justify their policies and practices related to measures and accreditors' exercise of professional judgment in assigning categories and developing differentiated responses to flags raised (especially for low confidence schools). The process may differentiate among accreditors based on flags raised in this process (i.e., spend more time reviewing accreditors with ill-defined systems and/or inadequate foundations for their decisions).**
 - This would be accompanied by a significant reduction of other federal accreditation requirements not related to these core reforms.

Why Option 2?

- This allows the recognition process to be an important check on accreditors' own reforms, but allows accreditors to design the systems that work best in their contexts.
- Accreditors do not have direct oversight over student outcomes at their member institutions – making them accountable in this way not only makes one entity responsible for another's performance, but also may muddle accreditors' incentives to make authentic confidence assessments of their institutions.

Step 1: Outcomes-Focused Risk Assessment

Which metrics to include?

- Option 1: Federal statute identifies all measures to be included.
- **Option 2: Federal statute identifies core measures to be included, and allows accreditors to add other outcomes-based measures that are meaningful for their particular group of institutions (e.g., licensure rates for programmatic accreditors).**
- Option 3: Federal statute provides broad categories of measures but allows measures to be precisely defined through the regulatory process (e.g., negotiated rulemaking or notice-and-comment). Accreditors may add other outcomes-based measures that are meaningful for their particular group of institutions.

Why Option 2?

- There are some measures that are available for all institutions that should be a common baseline.
- Some sectors and programs have additional measures that their accreditors may choose to use to supplement.

Step 1: Outcomes-Focused Risk Assessment

Who runs the risk assessment?

- Option 1: Federal statute mandates that USED provides student outcomes measures as well as any relevant federal regulatory history for each institution. Accreditors supplement these data with their own regulatory history with the institutions as well as any information received from state regulators.
- **Option 2: Federal law could require accreditors to show that data and information used are from reliable, valid sources such as federal databases. Accreditors could supplement these data with their own regulatory history with the institutions as well as any relevant information received from state and federal authorities.**

Why Option 2?

- All data we have identified in this Framework is already publicly available or could be available through effective communications lines among members of the triad.
- This would not require a new reporting requirement for institutions.

Step 2: Categories for Institutions Based on Initial Assessment

How should thresholds be determined?

- Option 1: Federal statute (or regulations) define thresholds for every category.
- **Option 2: Federal statute only defines thresholds for the low confidence level. Accreditors may decide the thresholds for medium and high confidence (and any other categories they choose to adopt, e.g., for the highest confidence schools). Accreditors would need to identify and justify these thresholds in the recognition process.**

Why Option 2?

- The low confidence level represents a significant threat to taxpayer and student interests, and allowing accreditors or others to define this level may mask at least some institutions.
- This also allows accreditors flexibility in other areas where their expertise and professional judgment should be leveraged.

Step 3: Differentiated Responses

Who decides responses for the low confidence schools?

- Option 1: Federal statute requires USED to direct the process.
- Option 2: Federal statute describes in detail the required oversight group processes as well as all required interventions, specific timelines, etc.
- **Option 3: Federal statute requires an oversight group to be established and that it clearly define goals, interventions, timelines, and student/public notification procedures. Though statute would define hard lines (e.g., must show improvement within a 2-3 year timeframe or face loss of or limitations on Title IV eligibility). But federal statute allows the oversight group to determine other details to suit the specific context of the institution at question.**

Why Option 3?

- Federal law should make clear when the oversight group should be established and what its responsibilities include. It can also identify common expectations for baselines (e.g., student/public notification when an institution has a "material" issue).
- But it will be impossible to define every intervention strategy that may take place. The oversight group should have some discretion to act according to what best suits the context.

APPENDIX: APPLYING THE FRAMEWORK TO DIFFERENT INSTITUTIONAL CONTEXTS

Step 1: Outcomes-Focused Risk Assessment



Student profile and outcomes at Institution A



students



% Pell eligible



Pell recipients



Retention rate



Graduation rate



graduates



Loan repayment
rate



CDR



% borrowers

Institution A is a small nonprofit private college that serves a small number of students only a few of whom are Pell eligible. The overall federal investment in Pell grants, therefore, is relatively small.

Institution A has a high first to second year retention rate. Though, because of its size, it has a relatively small number of graduates, **its graduation rate is lower than that at its peer institutions.**

Institution A has a high loan repayment rate and lower CDR. **But it has a high percentage of borrowers among its student body, meaning that the overall student investment in the degree is high.**

Step 1: Outcomes-Focused Risk Assessment

A

Regulatory history and standing, other risk at Institution A



Accreditation history

Federal financial responsibility score

Pending federal investigations



n/a

Pending state investigations

Student complaints

Other risk

Institution A has a record of good standing with its accreditor, an adequate federal financial responsibility score for Title IV eligibility, no pending state investigations, and no student complaints directly relevant to the accreditor's standards. **But it is in the midst of a pending program review of its online programs by USED.** There are no special circumstances that suggest other risk.

Step 1: Outcomes-Focused Risk Assessment



Student profile and outcomes at Institution B



students



% Pell eligible



Pell recipients



Retention rate



Graduation rate



graduates



Loan repayment rate



CDR



% borrowers

Institution B is a large public university that serves a large number of students, about half of whom are Pell eligible. **The overall federal investment in Pell grants, therefore, is high.**

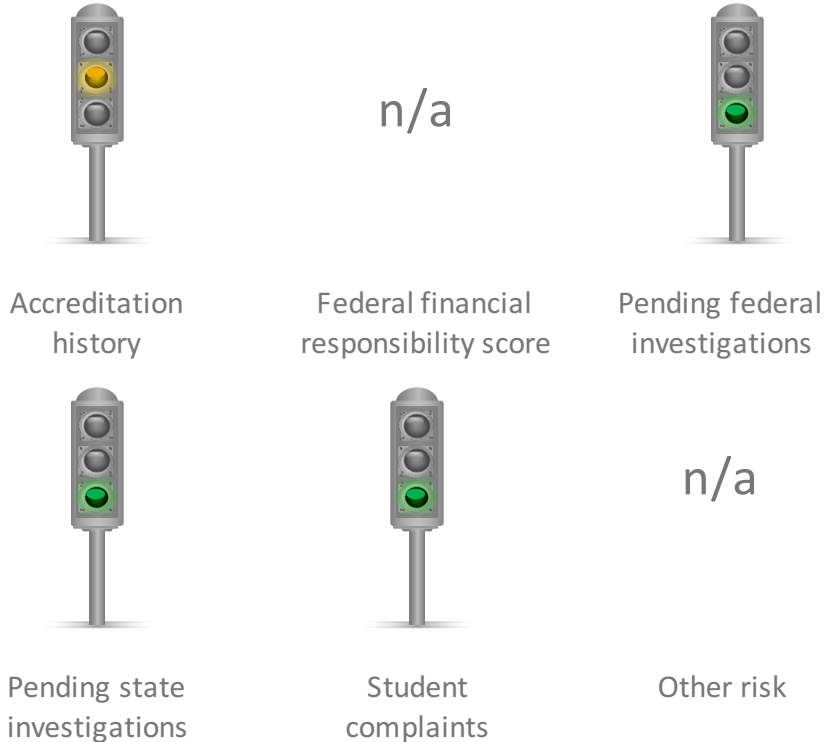
Institution B has average graduation and retention rates, but its large size means that it produces a large number of graduates. It has programs that lag far behind others.

Institution B has a high loan repayment rate and lower CDR. **But it has a high percentage of borrowers among its student body, meaning that the overall student investment in the degree is high.**

Step 1: Outcomes-Focused Risk Assessment

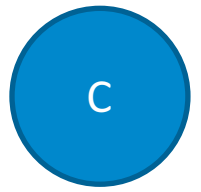


Regulatory history and standing, other risk at Institution B

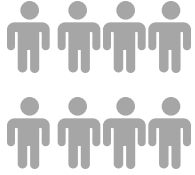


Institution B no pending federal investigations, no state investigations, and no student complaints directly relevant to the accretor's standards. **But, historically, it has received flags from its accretor for issues related to governance.** (Because it is a public institution, USED does not calculate a financial responsibility score.) There are no special circumstances that suggest other risk.

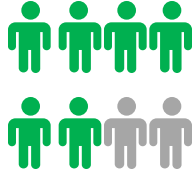
Step 1: Outcomes-Focused Risk Assessment



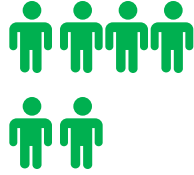
Student profile and outcomes at Institution C



students



% Pell eligible



Pell recipients



Retention rate



Graduation rate



graduates



Loan repayment rate



CDR



% borrowers

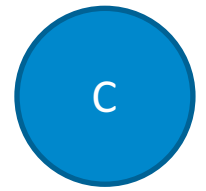
Institution C is a large private university that serves a large number of students, a majority of whom are Pell eligible. **The overall federal investment in Pell grants, therefore, is high.**

Institution C has average retention and low graduation rates, but its large size means that it produces a relatively large number of graduates.

Institution C has a low loan repayment rate and high number of borrowers, even though its CDR is sufficient for Title IV eligibility. **Thus, the overall student investment in the degree is high.**

Step 1: Outcomes-Focused Risk Assessment

Regulatory history and standing, other risk at Institution C



Accreditation history



Federal financial responsibility score



Pending federal investigations



Pending state investigations



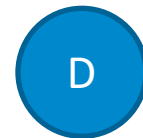
Student complaints



Other risk

Institution C has an adequate federal financial responsibility score for Title IV eligibility, but **significant other regulatory standing concerns:** it has received flags from its accreditor and is the subject of separate federal and state investigations related to its recruitment practices. All three members of the triad have received student complaints related to these concerns. Moreover, the institution is seeking to expand to new campuses.

Step 1: Outcomes-Focused Risk Assessment



Student profile and outcomes at Institution D



students



% Pell eligible



Pell recipients



Retention rate



Graduation rate



graduates



Loan repayment
rate



CDR



% borrowers

Institution D is a midsize private university that serves a large number of students, about a quarter of whom are Pell eligible. **The overall federal investment in Pell grants, therefore, is low-medium.**

Institution D has high retention and high graduation rates. It produces a medium number of graduates per year.

Institution D has a high loan repayment rate and its CDR is sufficient for Title IV eligibility. **More than half its students borrow, though, so the overall student investment in the degree is medium high.**

Step 1: Outcomes-Focused Risk Assessment

Regulatory history and standing, other risk at Institution D



Accreditation history



Federal financial responsibility score



Pending federal investigations



Pending state investigations



Student complaints

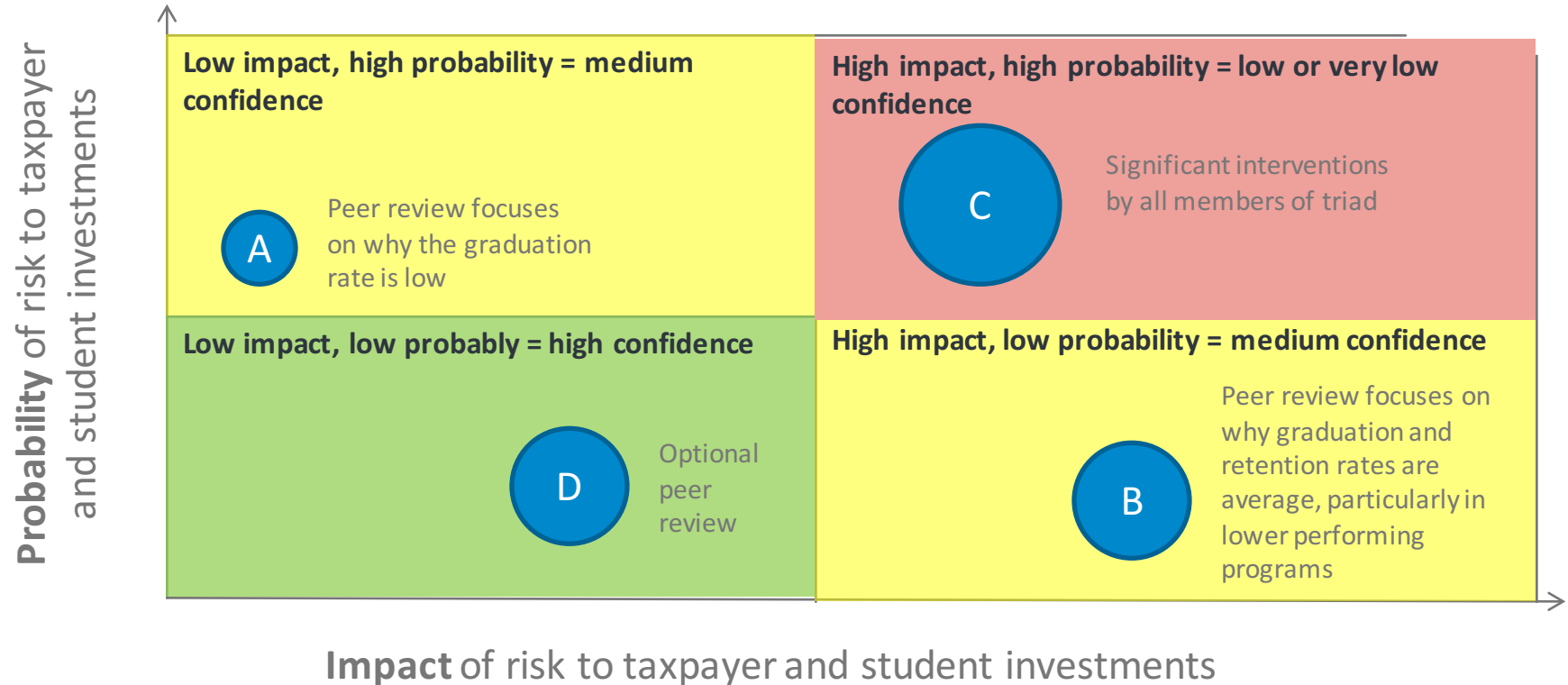
n/a

Other risk

Institution C has a good history with its accreditor, an adequate federal financial responsibility score for Title IV eligibility, no pending state or federal investigations, no significant student complaints, and no other risk factors.

Step 2: Categories for Institutions Based on Initial Assessment

Basic framework (to be refined over time, particularly as new data become available.)



Acknowledgements

EducationCounsel, with support from Lumina Foundation, has been working on accreditation reform for several years. This policy brief builds on two recent white papers from EducationCounsel: [*New Directions in Regulatory Reform: Prospects for Reducing Regulatory Burden Through Risk-Informed Approaches in Federal Law*](#) (December 2014) and [*Getting Our House in Order: Transforming the Federal Regulation of Higher Education as America Prepares for the Challenges of Tomorrow*](#) (March 2015).

This project would not have been possible without the contributions of many policy experts, practitioners, and stakeholders, including those representing institutions, students, and accreditors, whose thoughtful feedback and commentary significantly shaped this framework.