Texas Public Policy Foundation

The Case for Escape Hatches from Higher Education Accreditation

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Executive Summary

The higher education accreditation system is supposed to support peer-driven quality improvement efforts as well as provide a quality assurance role through accreditors' role as gatekeepers for federal financial aid. But accreditation does not fulfill these roles, as it is impossible to be a consultant and a regulator simultaneously. This tension has contributed to many problems—the two most serious of which are the failure of accreditation to provide quality assurance and the mandating of a "recipe" of inputs and processes that colleges must follow which ignores outputs and outcomes. One consequence of these problems is that the accreditation system suppresses innovation in higher education. Despite widespread concern about accreditation, there is little consensus on potential replacements. Thus, we argue that rather than trying to replace accreditation, we should reform it where possible, but also introduce "escape hatches" that would allow portions of higher education to operate outside of the accreditation system. These escape hatches would allow access to federal financial aid for students of colleges that meet high thresholds on output or outcome measures such as student learning or labor market returns. By allowing portions of higher education to evolve outside of the accreditation system, these escape hatches would help unleash innovation in higher education.

Key Points

- Higher education accreditation does not work because it asks accreditors to be consultants and regulators at the same time.
- The two biggest problems with accreditation are that it does not provide adequate quality assurance and it mandates a recipe that colleges must follow in terms of inputs and processes, rather than focusing on outputs and outcomes.
- The recipe that accreditors require colleges to follow necessarily suppresses innovation in higher education.
- While there is widespread dissatisfaction with accreditation, there is (justifiably) little consensus regarding potential replacements.
- Escape hatches would allow programs with excellent learning or labor market outcomes to operate outside of the accreditation system, helping to unleash innovation in higher education.

Introduction

Within American higher education, accreditors are private entities that have quasi-regulatory power over colleges. If a college wants its students to be able to receive federal financial aid, such as a Pell grant or a student loan, it must first obtain accreditation. To explain the origins of this system, this paper begins with a section on the background of accreditation. Next, we discuss some of the problems with the accreditation system. We then explore some of the common replacements for accreditation and conclude with a recommendation to design "escape hatches" that allow portions of higher education to grow and evolve outside of the accreditation system.

Background

Accreditation's role in higher education

Accreditation in higher education is a little known and quite unusual system. Most other industries do not have a similar accreditation system. Even K-12 education in this country does not utilize accreditation. So why do we have accreditation in higher education, and what is it supposed to do? There are two generally recognized roles for accreditation: quality improvement and quality assurance.

- **Quality improvement**

  Quality improvement refers to the peer review aspect of accreditation designed to help colleges identify problems and assist in implementing best practices. Accreditation teams are typically composed of faculty and staff from other universities, so these teams can help colleges not only identify areas where a college is underperforming but also recommend solutions that other colleges have used.

- **Quality assurance**
  The quality assurance role refers to the quasi-regulatory aspect of accreditation. Accreditors have been given a gatekeeping role for federal financial aid. If a college wants its students to be able to receive a Pell grant or take out a student loan, the college needs the approval of an accreditor.

  While both tasks are worthwhile, it is unusual to see them both undertaken by the same entity. It's unusual because it doesn't work. You can't be both a consultant and a regulator. Yet that is precisely what we've asked accreditors to do. How did we end up here?

Accreditation is unusual because it doesn't work. You can't be both a consultant and a regulator.

A brief history of accreditation

This brief history summarizes the framework used in *The Inmates Running the Asylum? An Analysis of Higher Education Accreditation* by Gillen, Bennett, and Vedder (2010) to describe the four eras of accreditation.

- **Pre-1936: a voluntary system to inform the public**
  Universities existed for centuries without accreditation. As more universities sprung up and as populations became more mobile, there was a demand for some method of distinguishing high-quality universities from low-quality colleges that sold the educational equivalent of snake oil. Accreditors emerged to fill this need, creating a process that focused on quantitative measures of inputs, such as the number of library books, to separate high-quality from low-quality colleges. During this era, accreditation was voluntary and served as a seal of approval.

- **1936 to 1952: a quality improvement role is added**
  Quantitative measures of inputs were somewhat defensible metrics for accreditors at a time when having a fully stocked library was such a large investment that it could weed out diploma mills. But quantitative benchmarks for inputs also impose a one-size-fits-all recipe on all colleges while ignoring outcomes. Chafing at this restrictive focus on inputs, the North Central Association developed a more qualitative approach that used each college's mission and goals to evaluate member colleges. Other accreditors soon followed suit. During this era, accreditation was still voluntary.

- **1952 to 1985: a quality assurance role is added**
  As accreditors were evolving, so too was the federal role in higher education financing. Following World War II, the GI Bill provided funds for returning veterans to enroll in college. With few restrictions on where students could use their funding, there was "a wave of protests and concern about fraud and abuse in the implementation of the GI Bill and in the congressional hearings it became clear that revisions were necessary." Thus, when the Korean War GI Bill was enacted, to avoid a repeat, "a compromise was worked out… the Office of Education would use the work of accrediting bodies, some from state agencies, but primarily from voluntary, non-profit accrediting associations, to determine the quality of training offered by educational institutions" (Harcleroad, 1).

  This was the beginning of accreditation's gatekeeper role for federal financial aid. Veterans could only use their GI Bill funding at colleges that were accredited. This quasi-regulatory quality assurance role was relatively short-lived given the intermittent and temporary nature of GI bills.

  But in 1965, the Higher Education Act established an ongoing federal government interest in providing financial aid for students on a continuous basis, and, with it, the accreditors' gatekeeping role from the Korean War GI Bill was revived. While accreditation was still technically voluntary, the vast majority of colleges sought it to gain access to this government funding.

- **Post-1985: the rise of the accountability and assessment movement**
  Accreditation arguably performed tolerably for temporary government funding like the GI bills. It kept most diploma mills at bay, and it limited the incentive to establish new diploma mills since, by the time they would have been up and running, most veterans would have already used their GI Bill benefits.

  Ongoing federal financial aid was a completely different story. Instead of a one-time rush of new students and funding, there would be a continually replenished buffet of federal funding. This provided a huge incentive to establish new diploma mills if the accreditation system could be gamed to secure access. To the extent that accreditation still used input measures, the cost of acquiring such inputs was much less of a barrier to entry, particularly since the flow of federal financial aid funding would more than offset the cost. And to the extent that accreditation relied on subjective assessments relative to a mission statement, diploma mills would have an even easier time by setting low targets.

What followed were several cycles of low-quality diploma mills reaching epic proportions, followed by government crackdowns and the establishment of new accountability mechanisms. These mechanisms have been met with intense resistance by colleges.[1] Accreditation is thus caught in an ongoing fight between the accountability movement and the academy, which prefers to continue receiving as much federal funding as possible with as little oversight as possible.

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Problems with Accreditation

There is no shortage of critiques of accreditation, which "has been called cumbersome, expensive, secretive, and outdated—sometimes by the accrediting agencies themselves" (McMurtrie). Some of the more commonly cited problems with accreditation include the following.

Accreditation fails its quality assurance role

The public policy interest in accreditation hinges on its ability to provide quality assurance by making sure low-quality colleges are not subsidized by the federal financial aid programs. Former Senator and college President Hank Brown offered the following assessment of accreditation's performance:

> *Nearly 50 years of outsourcing higher education quality assurance to regional accreditation agencies has proven to be a dismal failure. (*Brown, 13*)*

The reason is clear: "Nothing in the accreditation process concretely measures student learning, instructional quality, or academic standards" (American Council of Trustees and Alumni, 6). In fact, "one looks in vain for instances where accreditation has been denied because of low educational value to students. … Colleges and universities simply do not lose their accreditation because of a judgment by the accreditors that the curriculum is weak, the faculty poor and the students don't learn much" (Leef and Burris, 20).

The root cause of accreditation's failure to assure quality is simple—to assure quality, you first must define quality. Yet, 50 years after accreditors were given the quality assurance role, accreditors have yet to define quality, and what few standards they do have are generally unrelated to educational quality.

Thus, accreditation fails its primary public purpose of providing a quality assurance seal of approval.

Accreditation focuses on a recipe of inputs and processes rather than outputs and outcomes

There is no consensus on what quality higher education means or how to measure it. Without measures of quality, accreditors have sought to ensure a minimum quality by mandating a "recipe" for higher education in the form of inputs (e.g., tenured faculty), processes (e.g., seat-time-based programs), and governance (e.g., faculty senates). As Malcolm Gillis, then president of Rice University, noted, "accreditors are not interested in what or how the students learn, but how many square feet of classroom space we have per student" (Honan).

But this recipe is neither necessary nor sufficient to ensure quality. Schools that follow the recipe could still have terrible outcomes, and schools that deviate from the recipe could have great outcomes. As George Leef and Roxanna Burris write:

> *The accreditation system is not based on an evaluation of the results of an institution, but rather upon an evaluation*

1 As just one example, consider this summary of the fight over the Spellings Commission's recommended accreditation reforms by Peter T. Ewell in "Assessment and Accountability in America Today: Background and Context," *New Directions for Institutional Research*:

"After the commission's report was issued in late 2006, the U.S. Department of Education quickly moved to implement its recommendations on accreditation—the only area within the direct authority of the secretary of education to regulate. First, the department employed negotiated rule making…to require accreditors to set specific 'bright line' standards of student achievement. This attempt to reregulate was unprecedented, because no new legislation was in place…In a second line of attack, the secretary directed the National Advisory Committee on Institutional Quality and Integrity (NACIQI)—the federal body responsible for approving accrediting organizations to act as gatekeepers for federal funds—to be more aggressive in pressing accreditors to examine student learning outcomes against defined objective standards… If fully implemented, the provisions of the 2007 negotiated rule-making process and the new posture of NACIQI would have significantly transformed the accountability role of assessment. But all of this was put on hold in the summer of 2007 when the Senate passed its version of the reauthorization act. Led by Tennessee Senator and former Secretary of Education Lamar Alexander, this bill explicitly prohibited the secretary from pursuing new regulations. The result appeared to be a major victory for the academy."

> *of its inputs and processes. If the inputs and processes look good, acceptable educational quality is assumed. It is as if an organization decided which automobiles would be allowed to be sold by checking to make sure that each car model had tires, doors, an engine and so forth and had been assembled by workers with proper training—but without actually driving any cars. (Leef and Burris, 7)*

Nor is the focus on inputs and processes just a path of least resistance that leaves open the option for accreditors willing to go the extra mile to address student learning and outcomes. An engineering accreditor, the Accreditation Board for Engineering and Technology "voluntarily withdrew from the recognition system because it wanted to focus more directly on student learning outcomes and concluded it could not follow that path the way it wanted to while maintaining federal recognition" (Brittingham, 38). In other words, an accreditor wanted to focus on student learning outcomes and felt that it could not do so within the accreditation system.

The 1992 and 1998 amendments to the Higher Education Act included provisions attempting to remedy this problem, listing areas in which accreditors were required to establish standards, one of which was "student achievement." In reality, there has been virtually no tangible progress on using student achievement in the accreditation process. Accreditors largely allow universities to interpret student achievement however they choose, determining which metrics are appropriate for their institution. Accreditors also largely allow universities to determine whether they are meeting those metrics of achievement. In other words, although the federal government mandates that accreditors include student achievement criteria, in practice, universities can determine which measure(s) they use and then grade their performance themselves. As a consequence, it is extremely rare to hear of a college that loses accreditation due to insufficient student achievement.

Mandating a recipe of inputs and processes for colleges to follow leads to two disastrous consequences.

Accreditation reduces institutional autonomy and diversity

The first unwelcome consequence of accreditation's follow-the-recipe approach to higher education is to reduce university autonomy by enforcing homogeneity and reducing diversity among institutions. If the inputs and processes that a university must use are predetermined, then universities that deviate from that recipe will struggle to maintain accreditation. As Jeffrey C. Martin writes, the

> *danger to institutional autonomy and diversity among institutions may arise when institutional accrediting agencies prescribe missions or specific steps to achieve missions. Presidents of colleges are generally among the harshest critics of accrediting agencies, since accrediting agencies may infringe on their independence. (126)*

The American Law Deans Association argued that the accreditation standards they had to meet "forc[e] homogeneity, and conversely stifles innovation and diversity, among law schools" (Neal 2008a).

The most well-known example of accreditation's follow-the-recipe approach reducing institutional autonomy and diversity concerns Thomas Aquinas College. Their Great Books curriculum ran afoul of their accreditor's recommended course offerings, leading to the threat of having their accreditation revoked. Only a backlash led by Gerhard Casper, then president of Stanford University, who declared that the accreditor "has no legitimate standing" (American Council of Trustees and Alumni, 10) to weigh in on such questions, staved off this outcome.

Accreditation suppresses innovation

Mandating a recipe for higher education also creates a barrier to innovation. The first barrier is simply the eight years it takes to secure approval for a new program, which "lends itself to maintaining the status quo" (Drolen). Not many new and innovative approaches can survive an eight-year approval process.

The second barrier is the suppression of any innovation regarding new approaches to providing an education (i.e., new recipes). If you say that each bakery can bake anything it wants as long as they use a chocolate cake recipe, then you shouldn't be surprised that you end up with a lot of chocolate cakes even if there are many different bakeries. None of them can experiment with different types of cakes. This recipe approach yields "direct barriers to innovation and entrepreneurship" (Neal 2012, 23). The focus on inputs "punishes those who try to do things differently" (Zemsky) by experimenting with different methods of delivering an education. Charles Miller, a member of the Spellings Commission and a former regent for the University of Texas System, concluded that accreditation "severely limits the advancement of new models of higher education, focusing primarily on traditional inputs and setting standards on historical experience. … Accreditation today is *the biggest barrier to innovation and change in higher education*" (Lederman 2009).

This resistance to innovation keeps market processes from unleashing the potential of creative destruction to improve quality and lower costs by discovering better approaches to deliver a college education.

Accreditation drives up college costs

Some also argue that accreditation imposes high costs. These costs come in two varieties. The first costs are those of the accreditation process itself. If the broader university is accredited, then individual programs do not need accreditation for their students to have access to federal financial aid. Thus, programs will only seek specialized field-specific accreditation if the benefits (such as reputational benefits) are higher than the costs. This isn't always the case. For example, the journalism schools at both Northwestern and Berkeley abandoned specialized accreditation, with the Northwestern Medill School dean stating that "investing 18 months and hundreds of hours of faculty and staff time within the current flawed system is not useful" (Fain). Other fields have similar results. The "best teacher education programs tend not to pursue NCATE accreditation at all" (Neal 2008b, 435). After going through the accreditation process, Paula Lutomirski noted that "we produced this two-inch-thick document, and I don't even have it on my shelf, because it's not worth having" (McMurtrie).

Although results from accreditation are often not considered helpful by the universities, the direct costs of accreditation are fairly minor in the big scheme of things since institutions are generally only required to undergo an in-depth accreditation review every 10 years.

The real cost problem is that accreditation reviews often recommend that universities spend more money, driving college costs higher. As leading accreditor Ralph Wolff confessed, "time and again, teams called for institutions to spend more money—often for physical facilities, libraries, or faculty—but hardly ever were these recommendations connected to improving the outcomes of the learning experience. We assumed that this result would occur but never verified that the changes had had this effect" (Smith and Finney). John V. Lombardi, then president of the University of Florida, succinctly summarized the problem: "They blackmail us … If they say your department of astrophysics needs 12 spaceships and you have only 10, you had better get the other two" (Honan).

Campbell University in North Carolina provides a mundane but revealing example of this problem after it "was placed on probation because its standard faculty teaching load was 15 hours per week. The accreditor insisted that 12 hours was the maximum acceptable load" (American Council of Trustees and Alumni, 9). There is no evidence that capping professors at 12 hours of teaching per week will have any impact on educational quality. But it will certainly drive up costs because the university now needs 25 percent more faculty to teach the same number of classes.

Accreditation is cartel-like

Accreditation is further weakened as an effective regulator because it operates much like a cartel. This is clear when examining the composition of accreditation teams. In 2007, accreditors had only 129 full-time staff to oversee thousands of universities. To assist them, 3,580 volunteers joined accreditation teams (Dickeson 2009, 2). The vast majority of these volunteers come from colleges and universities that are themselves subject to accreditation. In other words, accreditation teams are composed mostly of the accreditees.

This heavy reliance on incumbents to self-regulate raises some questions. As University of Rochester economist Michael Rizzo writes, we "would be uncomfortable if the major agri-businesses were responsible for ascertaining what foods were healthy and safe" or "with investment banks determining the quality and safety of financial instruments, yet few seem to understand that we see exactly this in the higher education sector" (Rizzo).

The results of accreditation are exactly what you would expect from a cartel run by incumbents—it is very hard to obtain accreditation if you don't already have it, and it is very hard to lose accreditation if you do have it.

Incumbents are protected—it is rare for a university with accreditation to lose it. As Anne D. Neal noted, "when the people who decide what constitutes academic quality will themselves be judged on academic quality, it's no wonder that the bar is set low" (Neal 2008b, 435). Similarly, Robert C. Dickeson warns that "a system that is created, maintained, paid for and governed by institutions is necessarily more likely to look out for institutional interests" (Dickeson, 3). "This semi-secret guild system … allows a culture of insiders to protect rather than improve higher education institutions" (Lederman 2009).

Meanwhile, new entrants find it difficult to obtain accreditation. Burck Smith and David Parento write that "entrenched incumbents with access to taxpayer largesse have little motivation to see the hallmarks of industry disruption – price reduction, product disaggregation and new competition – in their industry. Perhaps this explains why accreditation remains only open to education providers that resemble a centuries-old model of a traditional institution" (Smith and Parento). You are only allowed to compete with the incumbents if you mimic the incumbents, which ensures that any inefficiencies the traditional model may have are not subjected to the creative destruction that market forces would typically weed out.

Accreditors have abused their quasi-regulatory power

While certainly not universal, some accreditors have been caught abusing their quasi-regulatory powers in pursuit of their own agendas.

- **Some accreditors have tried to impose political views**

  Some accreditors have used their quasi-regulatory power to impose ideologically controversial viewpoints. For example, in 2006, the National Council for Accreditation of Teacher Education

  > *received unexpected criticism of its standard requiring education schools to evaluate the "dispositions" of students toward vague concepts such as "social justice" and "diversity." It seemed that only students with "proper" views were to be allowed to continue their studies toward a teaching career. After the Foundation for Individual Rights in Education called attention to what amounted to an ideological litmus test for entry into teaching, NCATE dropped that standard. (Stotsky)*

  Similarly, the Council on Social Work Education required that students pursue "social change that advance[d] economic justice," which the Missouri State School of Social Work used as a justification to subject "students to ideological 'bullying' (a term that both students and faculty used to describe the actions of certain professors), and producing a learning environment that reviewers called 'toxic'" (Neal 2008b, 434).

- **An accreditor demanded that universities break the law**

  There is even at least one case in which an accreditor, the American Bar Association (ABA), demanded that schools not follow state laws that the ABA disagreed with, declaring that "a constitutional provision or statute that purports to prohibit consideration of gender, race, ethnicity, or national origin in admissions or employment decisions is not justification for a school's non-compliance" (American Council of Trustees and Alumni, 4) with the ABA's diversity requirements. Accreditor's preferences do not supersede democratically enacted laws.

- **Accreditors have interfered with university governance**

  A few years ago, the Western Association of Schools and Colleges (WASC) reviewed leadership and board activities at the University of California, which "forced the regents and chancellors to devote precious time, not to mention taxpayer dollars, responding to their meddling and inaccuracies" (Neal 2008b, 436).

  When the University of Virginia's Board of Visitors tried to fire the president in 2012, a media storm erupted, and she was soon reinstated. Boards are widely agreed to have the right and responsibility to select the university president, but this didn't stop the university's accreditor, the Southern Association of Colleges and Schools Commission on Colleges, from placing the university on warning (Johnson).

  In some states, the governor is a member of the board. In such cases, some accreditors claimed that the governor could interfere with the university board's decisions. As Anne D. Neal notes, how is it possible for a "member of the university's board" to be "an 'external influencer' who could exert 'undue [political] influence'" (Lederman 2019) on the board?

  These accreditors seem to be using their quasi-regulatory power to intimidate and second-guess boards.

No Replacement for Accreditation Would Work Well, nor Do They Command Enough Support to Be Implemented

While there is broad agreement that accreditation is flawed, there is much less agreement on how to fix it. This section lays out the most commonly proposed replacements for accreditation, focusing on both their inadequacy and the insurmountable political obstacles to their implementation.

Replace accreditation with federal government oversight

One common proposal is to have the government replace accreditors in determining which colleges should be eligible for federal financial aid. As Alan Contreras wrote, "The federal government should not use accreditors as its proxies; it should establish its own set of criteria for Title IV eligibility and enforce those standards" (Lederman 2009). There is a certain logic to this proposal. Under the current system, the government uses a third party to determine which colleges are eligible for federal funding. But since the government is providing the funding, why not have the government determine which colleges are eligible as well? And a centralized accreditor housed in the Department of Education would likely be able to do a better job of defining and enforcing minimum standards.

But these benefits would come at an astronomical cost.

The first huge cost would be the curtailment of diversity among institutions as the government would impose a one-size-fits-all approach on all of higher education. While accreditation already suffers from this tendency, the existence of multiple accreditors at least ensures that no one accreditor can impose its will on the entirety of higher education. But replacing accreditation with direct federal government oversight would remove this safeguard. As Robert Dickeson notes, "There is no fear of federal interference more often expressed than that of the government imposing some 'one size fits all' standard for quality" (Dickeson 2009, 9), and we know from international experience that a federal system would "represent the ultimate in centralization, standardization and uniformity" (Dickeson 2009, 10), which would "have the unintended consequence of pressuring colleges to become more alike" (Bollag).

In addition, federal government oversight would reduce the space for innovation. Any innovation that is not compatible with the government's one-size-fits-all approach would have little opportunity for approval or expansion and may well be actively suppressed by powerful stakeholders that stand to lose if the innovation is adopted.

Another big cost of replacing accreditation with federal government oversight would be lower quality across higher education. The main danger is that direct federal government oversight would open the door to the politicization of education. A. Lee Fritschler notes that

> *academic institutions perform best when government does not intervene in overseeing their core functions, namely definition of curriculum, teaching, evaluation of students, retention and promotion of faculty … [F]or centuries, universities have been self-regulating organizations in these matters (in partnership with accreditors for the past 100 years) and have jealously and strenuously guarded those prerogatives ... for several good reasons. One does not have to look back far in history nor farther than across the Atlantic to find examples where aggressive government intervention in the core functions has destroyed whole systems of higher education. (Fritschler 2008, 2)*

Some of the lessons from history include "outright purges of faculty members and courses in Eastern Europe and prohibitions on teaching evolution in the United States. Less extreme but more prevalent are the bureaucratic excesses that result from political intrusion in the classroom; they are one of the things that account for the static higher-education systems in many Western European nations" (Fritschler 2007).

Individually, each of these three costs—the reduction in institutional diversity, the suppression of innovation, and the politicization of education—would be enough to sink any attempt to replace accreditation with federal government oversight. Together, they should consign this idea to the dustbin of history. And in part for these reasons, there is little political support for efforts to replace accreditation with federal government oversight.

The reduction in institutional diversity, the suppression of innovation, and the politicization of education are enough to sink any attempt to replace accreditation with federal oversight.

Eliminate accreditors' gatekeeping role for federal financial aid

Since so many problems in accreditation spring from its role as a gatekeeper for federal financial aid, another common recommendation is to simply remove the accreditor's gatekeeping role.

George Leef and Roxana Burris provide the succinct case for severing the tie between accreditation and federal financial aid:

> *The federal government should sever the connection between accreditation and eligibility for student financial aid. The reason for linking the two at the time of the GI Bill was to protect against the squandering of federal funds in institutions that provided an education in name only. The assumption was that accredited institutions were presumptively good schools and non-accredited ones were presumptively not. Experience has shown, however, that many accredited institutions now provide an education in name only and accreditation, therefore, is an unreliable guide to educational quality. If accreditation ever served as a reliable proxy for acceptable educational quality, it no longer does. (Leef and Burris, 46)*

There are three problems with this argument for removing accreditors' gatekeeping role for federal financial aid and replacing it with nothing.

The first is that far from leading to less government involvement, this plan would result in a vast increase in government regulation and interference in higher education. As Robert C. Dickeson notes, "it is somewhat disingenuous for higher education to ask for – and receive – billions of federal dollars without expecting concomitant strings, conditions, reporting requirements and other forms of accountability that inevitably accompany appropriations" (Dickeson 2009, 3). Taxpayer funding will come with some form of accountability, and under the current system, accreditation "serves as a buffer, keeping government at arm's length from colleges and universities" (Brittingham, 37). But if accreditation no longer served as that buffer, federal and state governments would almost certainly fill this accountability void with their own regulatory schemes. Universities recognize this, which is why the "higher education lobbies vigorously opposed removing the link between accreditation and federal eligibility" the last time it was considered because they were "understandably worried about greater state and federal government oversight" (Martin, 121).

Second, it doesn't solve the problem of weeding out low-quality colleges. Leef and Burris write that

> *the self-interest of students and parents reduces the problem of fraudulently low-quality education that the accreditation requirement was supposedly needed to prevent to one of de minimis proportions. If there were instances of educational fraud by institutions receiving federal funds, it would be better policy to ban them from receiving federal funds for a period of years than to compel all to participate in an accreditation system that has, in the view of some observers, more cost than benefit to educational institutions. That is the approach the government takes with the Food Stamp program. Rather than trying to limit Food Stamp use to approved stores, the government looks for cases of fraud and prosecutes them. (Leef and Burris, 46-47)*

Leef and Burris argue that the combination of consumer-driven self-interest and standard consumer protection laws would be sufficient to ensure that government funding doesn't end up funding fly-by-night colleges. This argument is accurate for the vast majority of industries but does not hold for higher education.

To see why, consider their example of the Supplemental Nutrition Assistance Program (SNAP) or food stamps. Their approach works because fraud in SNAP usage is comparatively easy to detect. There is broad agreement on what can be classified as food and what a reasonable price for it is. The government can therefore be confident that someone trying to sell cars for food stamps or trying to sell a gallon of milk for $1 million is behaving fraudulently, and it can prosecute them.

But there is no such consensus regarding higher education. While there may be some extreme cases of educational providers so blatantly failing to provide an education that most would agree it constitutes fraud, for the most part, there is simply no consensus on what distinguishes a legitimate education from a fraudulent one, or a legitimate college from a fraudulent one. Thus, consumer protection laws will not work in higher education like it does for food stamps.

Consumer-driven market discipline will not work either due to the dysfunctional economics of higher education. Compare consumers of higher education to food consumers. Everybody eats, and there are multiple suppliers to choose from. Each transaction is a small share of someone's lifetime food budget, and a consumer can learn from experience which suppliers provide high-quality food at a low price, and which don't. In other words, the food market is characterized by well-informed consumers that impose market discipline by shifting their purchases from low-value suppliers to high-value suppliers.

In contrast, consumers of higher education are plagued by missing information. Instead of repeat purchases, many students only attend one or two colleges, limiting their ability to learn from comparing suppliers. Students participate in the provision of the service and don't find out until well after they've made their enrollment decisions whether it was a good investment. In other words, compared to consumers of food, higher education consumers are essentially forced to make one or two huge purchases while essentially blindfolded.

And while there are many suppliers, the market is dysfunctional on that side too. There are few measures of quality, which means that college reputations are largely frozen (there is no other industry where the same firms have been near the top for centuries). Higher education doesn't have the same market feedback mechanisms that other industries have, and as a result, competition does not function the same way it does in other industries. For example, in other industries, competition drives prices down, but in higher education, competition drives prices up as colleges compete in the academic arms race. In addition, in other industries, competition will weed out fly-by-night providers that cut corners. But we shouldn't expect that in higher education because students won't be able to distinguish legitimate from fraudulent schools, in part because indiscriminate government subsidies would keep the fly-by-night schools in business.

The third problem with trying to sever the tie between accreditation and federal financial aid is that the idea does not have enough political support to be enacted. As mentioned above, universities will lobby against the idea, and rightly so since the likely effect would be more government interference in higher education. Meanwhile, progressives are generally opposed because it looks too much to them like relying on the market, which in their view usually generates unwanted outcomes. And conservatives are skeptical because they realize that this is not a free-market solution, but rather a free-money proposal for higher education. Thus, this idea is both a political non-starter as well as bad policy.

The Escape Hatch Reform Plan

Since the most commonly suggested replacements for accreditation are both bad policy and do not have the political support needed to be enacted, we propose pursuing a two-pronged approach that could realistically achieve widespread support while laying the foundations for the replacement of accreditation in some areas.

The first prong is to enact reforms of accreditation that could improve the system. The second prong is to design "escape hatches" from the accreditation system. Thus, the escape hatch plan essentially argues that we should allow for escape hatches to replace accreditation where possible and improve accreditation everywhere else.

Prong 1: worthwhile reforms

- **Move away from binary accreditation**

  Currently, accreditation is all or nothing. A college is either not accredited, in which case none of its students are eligible for federal financial aid, or it is accredited, in which case the college is eligible for unlimited amounts of federal financial aid, the only constraint being how many students the college can enroll.

  This approach makes little sense. Because withdrawing accreditation is effectively a death sentence for a college, accreditors are often "intimidated by their own power—they shrink from using it, and allow substandard institutions to persist" (Honan).

  In addition, having an all-or-nothing system fails to account for variation in college performance. Some colleges may have excellent outcomes, so it makes little sense to lump them together with colleges that have merely decent outcomes.

  Replacing accreditation's binary approach with tiers of accreditation could help improve the accreditation system. Different tiers could have different implications for an institution's eligibility for federal financial aid. For example, colleges with mediocre outcomes could have the number of students eligible for aid frozen at current levels, and colleges with poor outcomes could have a gradually declining number of students eligible for aid, slowly winding them down unless they improve. In contrast, colleges with good outcomes would have fewer or no restrictions. This tiered system of accreditation would allow successful institutions to grow while phasing out unsuccessful institutions over time.

  While colleges might be reluctant to allow high stakes third-party evaluation of their performance, if higher tiers of accreditation also receive waivers from other regulatory requirements (such as Department of Education financial sustainability tests), there could be substantial support among colleges. Once colleges are on board, there should be little resistance from accreditors to this idea, as it wouldn't be a new recipe so much as an evaluation of how closely schools were following the recipe. No one advocates that the binary system is ideal; we just continue to use it out of inertia.

- **Increase competition among accreditors**

  Historically, accreditation has been organized as a collection of regional monopolies. Federal legislation gave each regional accreditor a predefined geographic region for which it was the only regional accreditor recognized by the Department of Education. So-called national accreditors provided some checks on these regional monopolies, but the vast majority of institutions were accredited by their regional accreditor.

  As part of the negotiated rulemaking completed in 2019, the Department of Education relaxed the geographic restrictions on regional accreditors. This effectively broke down the regional monopoly that accreditors previously held over the colleges in their area. Even more competition among accreditors could be introduced if states could act as accreditors as well.

  The main concern about introducing competition into the accreditation system is that it would result in a race to the bottom as accreditors drop their standards to increase their customer base. However, this worry is not consistent with the experience of other industries where accreditor-like entities exist. Consider the case of *Consumer Reports* or Underwriter Laboratories. These companies are effectively paid to test consumer products, yet rather than a race to the bottom, the result is the maintenance of high standards. The reason is simple. If *Consumer Reports* or Underwriter Laboratories pursued a race to the bottom, customers would quickly learn that their product approvals and buy recommendations are simply bought-and-paid-for advertisements, which would reduce their market value. It is only by maintaining high standards that the *Consumer Reports*' or Underwriter Laboratories' seal of approval carries weight among consumers.

  We should expect the same result in higher education. As Jon Provost writes, "colleges and universities will pay to be reviewed by the agency which has the strictest standards that the institution thinks it can pass. A free market in accreditation agencies will quickly stratify, with the toughest agencies attracting the best colleges and universities. The public will benefit from a genuine ranking system" (Provost).

A second concern relates to the historical experience with State Postsecondary Review Entities (SPRE). SPREs were created as part of the Higher Education Act reauthorization in 1992. These entities were supposed to evaluate the colleges within their borders in partnership with the federal Department of Education. They were eliminated in 1998 due to opposition from both colleges and states. Wouldn't state-based accreditation simply be a replay of SPREs? Indeed, Robert C. Dickeson argues that it is "unlikely that any reasonable person would re-open that box" (Dickeson 2009, 10). We argue that this misinterprets why the SPRE effort failed.

Consider some of the details of SPREs. SPREs had to come up with performance metrics for 17 standards laid out in the legislation, and then their plans were subject to a federal Department of Education veto. In addition, performance reviews were mandated for any institution that failed to meet any of 11 performance criteria (Rainwater, 111). In other words, SPREs were not a failed experiment in federalism that tried to decentralize performance evaluation to the individual states. Rather SPREs were a barely disguised attempt by the federal government to require states to perform oversight on the federal government's terms. The lesson isn't that decentralizing to states won't work. That has never been tried. Rather, the lesson is that the federal government shouldn't try to get states to do oversight on federal terms.

Prong 2: escape hatches

Escape hatches would be alternative methods of attaining eligibility for federal student aid. Programs that met certain outcomes thresholds would be eligible for federal financial aid programs without needing to obtain accreditation as well. The two most prominent areas where escape hatches could be designed are learning outcomes and labor market outcomes.

- **Learning outcomes**
  One type of escape hatch could be based on learning outcomes. This would be easiest to implement when there are third-party certification exams that are already used by an industry. Accountants, for example, routinely take the Certified Public Accountant exam, and lawyers typically must take the bar exam. These exams can serve as ideal outcomes measures for higher education programs. For example, the escape hatch could allow any law program where more than 90 percent of students pass the bar exam to be eligible for federal financial aid without being accredited. Even better would be value-added learning outcomes. For law schools, this would compare a class's LSAT scores with its bar exam pass rate.

  But this escape hatch is available even if a field does not have a third-party certification exam. There are a few tests that measure skills that all college graduates should have. The CLA+ is probably the best known. It tests students at the beginning of college and again at the end to evaluate "performance in analysis and problem solving, scientific and quantitative reasoning, critical reading and evaluation, and critiquing an argument, in addition to writing mechanics and effectiveness" (Council for Aid to Education). Colleges or programs that can demonstrate substantial improvement in the CLA+ scores of their students could be given access to federal financial aid without also having to be accredited.

- **Labor market outcomes**
  Other escapes hatches could be based on labor market outcomes. For example, a program that generates a rate of return of 10 percent or that increases graduates' median annual earnings by a certain amount could be eligible for federal financial aid.

It should be noted that these escape hatches are a complement to rather than a replacement for accreditation. Colleges and programs that wanted to stick with the accreditation system would be free to do so. But colleges and programs that wanted to escape from accreditation would now have the opportunity to do so provided they demonstrated satisfactory outcomes. In those fields where labor market outcomes are the main goal (e.g., vocational fields such as welding), is it conceivable that accreditation could be eliminated entirely? Similarly, fields with outside certification exams such as law and accounting have an excellent way to verify learning outcomes outside of the accreditation process.

As these escape hatches are used and improved, accreditation could become unnecessary for many fields. But there will be fields where labor market outcomes are not a valid proxy for desired outcomes and where learning outcomes are too difficult to measure. These fields would continue to rely on traditional accreditation, with the main change being that we would largely shift to programmatic rather than institutional accreditation.

These escape hatches provide alternatives that colleges or programs can utilize to circumvent the accreditation process entirely, which would help programs and institutions avoid unnecessary accreditation costs. Of particular importance is that this holds the potential to unleash innovation in higher education. Recall that accreditation currently mandates inputs and processes. This necessarily impairs innovation attempting to provide an education with different inputs or processes. But since the escape hatches are focused on outcomes, this would open the door to experimentation and innovation with different inputs and processes. Thus, unlike the current system, which forces all universities to follow the same recipe, the escape hatch system would unleash innovation in higher education by allowing institutions to experiment with different recipes. And as we develop more and better measures of quality for each field, more and more of higher education would be able to escape from the current accreditation system.

Conclusion

Accreditation in higher education suffers from an irreconcilable tension as accreditors are asked to support peer-driven quality improvement efforts as well as to function as a gatekeeper for federal financial aid by performing a quality assurance role. But it is not possible for a single organization to be both a consultant and a regulator.

As a result of this tension, accreditation suffers from numerous problems. First, accreditation fails to adequately perform the quality assurance role it has been given. Second, because accreditation is largely controlled by the colleges themselves, it functions much like a cartel, protecting incumbents and discouraging the entry of new competitors. Third, accreditation often drives up costs as review teams recommend that colleges spend more money to remedy supposed deficiencies. Fourth, some accreditors have abused their quasi-regulatory power by, for example, trying to impose their political views on colleges. Lastly, accreditation largely ignores the outputs and outcomes of colleges and instead requires colleges to follow a recipe of inputs and processes. By requiring colleges to follow a recipe, the autonomy and diversity among colleges are reduced. Even more worrisome, innovation among colleges is suppressed when they must follow a predetermined recipe.

Escape hatches would function as alternatives to accreditation by allowing college programs that had excellent learning and/or labor market outcomes to attain access to federal financial aid programs without having accreditation.

While there is widespread dissatisfaction with accreditation, there is little agreement on potential replacements. While some argue that accreditation should be replaced with direct federal government oversight, this would impose a one-size-fits-all approach on higher education and would suppress innovation even more than the current system. Others argue that accreditors' gatekeeping role should simply be revoked. However, this would also be a mistake because it would fail to weed out low-quality programs, which would lead to more federal and state government interference in higher education.

Because accreditation is unsatisfactory, but no realistic replacements are feasible, we argue for a two-pronged approach. First, accreditation should be reformed by moving away from binary accreditation decisions and increasing competition among accreditors. The second prong is introducing escape hatches. These escape hatches would function as alternatives to accreditation by allowing college programs that had excellent learning and or labor market outcomes to attain access to federal financial aid programs without having accreditation. By allowing portions of higher education to circumvent the accreditation system, the escape hatches would help unleash innovation in higher education.

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