

**APPENDIX F – MEETING TRANSCRIPT OF THE PERSPECTIVES FOR
FUNDAMENTAL CHANGE PANEL**

MR. ADELMAN: Good afternoon and thank you very much for having me. Nice to be back and see some people I've done business with before, and Jamienne, who's not in her chair. We've had very vigorous and enlightening discussions, let's put it that way, and these will continue, and we may josh each other for a while, but that's all in the game. That's all in our relationships, which are very constructive.

The first thing I want to do before I get into talking about graduation rates and settling that issue once and for all with all of you, which is what we're going to do before we leave this room, and if I have to shame you into doing it the right way, then we're going to shame you into doing it the right way.

But I have to take issue or comment on some of our predecessors who have been very enlightening too. One of the things that worries me, just to give you a quick background, I was an associate dean at State College USA. I got bored with that, came to work for the U.S. Department of

Education with Susan Traiman at roughly the same time, and worked on the Nation at Risk.

Twenty-seven years later I had enough of them, but I had helped them build three of the longitudinal studies that Richard Arum referred to, and wrote 12 monographs based on those studies, the most noted of which some of you know, the Answers in the Toolbox and the Toolbox Revisited, monographs which basically asked the question and answered it, what makes the most difference for students earning a bachelor's degree, students who attend a four-year college at any time, which includes community college transfers and people bouncing back and forth between them.

Having done that, I've been working on international stuff ever since. I also have a project, which is dealing with what Lindsay referred to in the last panel as the students who fall through the cracks. I've got six states, 44 institutions and we're chasing down people who qualify. We're focusing on associates degrees, qualifying for those degrees and never got them.

We are learning an enormous amount about what stands in the way of degree awards. If you wanted to ask me a question about that later, I'll be delighted to elaborate on it. But there are a few things that I do want to note. I'm always troubled about numbers that get thrown around too loosely.

I've talked with Susan about this already, but when she told you 19 percent of students who start in the ninth grade wind up with a bachelor's or associates degrees, that particular train of numbers, which were put out by a guy in the -- the same guy in the basement of the White House who gave you weapons of mass destruction, and were put in a George W. Bush speech, which of course as soon as he gave it, you decided the numbers must be true.

These constitute one of the greatest statistical frauds of all time. The actual numbers of the proportion of students and we don't -- there's never been a ninth grade longitudinal study that will do that.

We have an eighth grade longitudinal study, with transcripts all the way through, and it

says that by the end of that, 35 percent of the cohort, not 19 percent, wound up with either a bachelor's degree or associates degree, and that started in the eighth grade. That's your baseline.

At the same time, the Census Bureau, through other estimates, through the current population survey, gives you 34 percent in answer to the same question. So when you get two federal agencies with statistical panels that more or less agree, you get something called or close to triangulation.

Whom are you going to believe? Somebody from you don't know where, or are you going to believe the official agency statistics? Please do not repeat those numbers. It's 35 percent. There's another set of issues that Richard Arum raised about the longitudinal studies that I helped build, so I think I know something about them, about what they can and cannot do.

As you look towards the future and you make recommendations, in order to get at some of the issues that Richard would like us to get at, and I

admire those issues and I think they're desirable, you would have to triple your sample size. The reason is that the average student, responding to a longitudinal study, spends 25 minutes. That's what we call a time stamp, on the phone with an interviewer or online, filling out a form.

At 25 minutes, they're not going to cover all the questions we already ask, let alone a pile of others that we intend to add to those. So you'd have to add to your samples and to the time stamps, and I'll tell you how much these studies cost.

The last, in current dollars, the last completed, fully completed grade cohort longitudinal study, the one that went from 1988 to 2000, ran \$80 million. You want to add to it? Be my guest.

I doubt in these days that you can. We have a number of other current longitudinal studies. They're not done. One of the problems with longitudinal studies is that 18 year-olds won't take pills that turn them into 35 year-olds overnight just because you want current histories. I might take a pill for 35, but that's another story.

There are far more interesting issues here. One is the age distribution of the longitudinal study that Mr. Arum used and that I just cited. It's confined to your daughter. Your brother-in-law is not in there, and your brother-in-law constitutes 30 percent of entering college students. I'll get to this later when we deal with graduation rates.

Another issue that was raised was international comparisons. Oh my God. You're all getting a copy of my study of this, that there are two kinds of statements that are made, you know, that we've fallen from this position to Position 9 in the world.

First, I want to remind everybody that in this world, nations do not stand in a horizontal line. They stand in a circle. This is a globe. I mean I think Copernicus had something to say about that and Galileo and others, and it's not a flat world. It's not a contest for number one.

One of the reasons it isn't friends, and this you don't need more than fourth grade education

for, is demography. You have countries out there with declining denominators. What happens to a fraction when denominators decline? The volume. Japan is scheduled to lose 28 percent of its youth population, South Korea 22, Russia 33, Poland 40, Czech Republic 35. These are staggering declines.

So that anything you're going to measure in a fraction, which becomes a percentage, sends the percentage up the ceiling. In terms of graduation rates and participation, Japan is already very high. They're going to ceiling; they don't have to do anything else. Why? Falling fertility rates. No net migration, etcetera, etcetera.

Whereas you live in a country that's growing, and our denominator, just to stay in place with anything, with participation, with graduation rates, we have to -- is going to take an effort, because we're growing by about nine or ten percent between now and 2025, and you know where most of that population is coming from.

The other issue has to do with the way in which OECD reports graduation rates in its lovely

Education at a Glance, which is one of the more prejudiced publications one can imagine.

They love to beat up on the United States. They love to beat up on the big guy, because we pay the bills, and we are people who love to be told how bad we're doing. We're live medieval, you know, the medieval penitents on their way to a shrine. We whip ourselves and engage in all kinds of self-flagellatory activity. It's fascinating.

Let me just get -- I'm going there. I'm getting there. Don't worry about it. You know, we list our official graduation rate at 56 percent or OECD does. That's the only country. We are the only country which lists an institutional graduation rate. Everybody else does system graduation rates, and OECD doesn't tell you that.

They do have our system graduation rate. They just put it in an online appendix that nobody ever reads, so you don't see it. Our official, our system graduation rate is 63 percent, in case you wonder.

All right. Now I'm going to recommend

you, I'm going to remind you of two things.

Institutions don't graduate; students graduate.

Institutions retain; student persist, and if we're really doing our business, particularly given the purposes of Title IV, our interest has to be in students.

It's been mentioned before here today that 60 percent of our students attend more than one school. I'm going to give you something better than that. The current President of the United States, Barack Obama, is not counted as a college graduate in our graduation rate survey. Get that straight.

He started in Occidental and he finished at Columbia. One's in California, one's in New York. You say well how big a volume of people do this? One out of five. I'm going to repeat this. Follow the sentence carefully. One out of five students who starts in a four-year college and earns a bachelor's degree earns it from a different four year college, and half of those people cross state lines in the process.

Now somebody had before had some

speculation about using state data systems, but I know Peter can tell you from the work his organization has done with it, that that's a difficult proposition, particularly when you get that.

Community college transfers, 26 percent are across state lines, and it happens more in the mountain states than it does in other places. That's an interesting item. But let's get back to Barack Obama.

CHAIRMAN STAPLES: Mr. Adelman, we're going to have to -- I'm sorry. I have to ask you wrap up. We've got other panelists, and I'm sorry. I believe we've exceeded our time. We have a question and answer portion where hopefully you --

MR. ADELMAN: No. Well, I've got to finish one issue, because that's the shame issue, of what you're doing with military personnel by not counting them either. That's a shame issue for this Congress, because you know, you're in the military. You've been redeployed five times already, and your average time to degree, an associates is seven years,

and we're not counting you, because we cut that out on four.

Your average time to bachelor's degree is 12 years. We're not counting you, because we cut it off at eight. Shame, and that's got to be fixed. Now in my written remarks, I've given you all the ways to get through this, and do it right, and include everybody, and not spit in the face of the military, which is what our current graduation rate does, and include everybody, including transfers-in.

I noticed the VSA does it, but only for full-time students. But everybody's got to be in there, and it gives you a line to do it. Do it now, get it changed in the next HEA. I've given you the guidelines. Thank you.

CHAIRMAN STAPLES: Thank you very much.
Mr. Carey.

MR. CAREY: Thank you. My name is Kevin Carey. I'm the Policy Director of Education Sector, which is an education think tank here in Washington, D.C. Thanks for the opportunity to come and speak today.

I know you do want to spend a good part of our time on discussion, so I will keep my formal remarks brief, and I'm going to talk about two things, both of which I think are very much on the minds, and both of which I know have been subject to much discussion already today.

The first is for-profit higher education and the second is student learning. I'll just be blunt. I don't think that the accreditors overseen by NACIQI should be in the business of deciding whether or not for-profit colleges and universities should have access to the federal Title IV financial aid system.

The heart of accreditation is peer review, and the power of peer review does not really lie with the creation of or adherence to black letter regulations and guidelines. Instead, peer review lies with shared norms and values. It's really all peer means, if you think about it, persons or organizations with whom one shares fundamental ideas about the nature of things.

Peer approval and peer review is an

extremely important and influential and valuable process. We see that all the time in the scholarly communities, in our institutions of higher education. But it doesn't work if the people involved are not all actually peers.

When our accreditation system, as we know it now, was established many decades ago, nobody could have conceived of a large nationwide publicly-traded higher education corporation that can use information technology to expand at a scale and at a pace far beyond what has ever occurred before.

I want to be clear. I have no objection to corporations. I have no objection to people making a profit. I don't think anybody has any particular claims to virtue in this discussion. But it's, I think, pretty obvious that these new organizations are different organizations. Not inherently better or worse, just different and operating under a fundamentally different set of incentives.

The existing accreditation system was not designed to accommodate or evaluate them, and I think

it would be a mistake to try to bend or warp our present system to do so. I think if we try we will fail. I think accreditors will be blamed for that failure, and by extension this body will be blamed for that failure.

So I would call for the accreditation community to work with for-profit colleges and policymakers, to develop a new federal regulatory apparatus responsible for consumer protection and quality control in the for-profit sector.

When the federal government provides nine out of every ten dollars or more through grants or guaranteed loans, only the federal government really is in a position to play a strong role in managing that process.

Second, student learning. I know you heard from Richard Arum this morning. I hope you all have a chance to review his research and read his book, which is very good. It's an enlightening piece of work. Large numbers of college students are learning little or nothing, we find, and all of the colleges involved were accredited institutions.

I mean it is, I'll admit, it's a little hard in preparing for this and having this discussion to ignore the recent history here, and specifically the attempts of the prior administration to use federal oversight over accreditation to increase our scrutiny over student learning, and of course we know that that's why the old NACIQI doesn't exist and the new NACIQI exists as it does now.

Nonetheless, I think that this research demonstrates that we cannot ignore this issue. We have to put it right back on the table where it was, and I should say while I and others have noted on many occasions the shortcomings of accreditation with respect to judging colleges based on learning, I also think that probably no organizations have done more than accreditors over the last decade to advance the cause of student assessment.

We have to recognize this is very difficult complicated work, particularly given the institutional diversity and the historic unwillingness of colleges and universities to be subject to any kind of authentic external judgment of

student academic progress.

That said, it's still not good enough.

The results are not what they need to be. We still have little or no meaningful public transparency of learning results, and by that I mean information that might conceivably be useful to students and parents choosing their colleges or other stakeholders like policymakers and university trustees.

So I would suggest that the way forward here is to separate the student learning evaluation challenge from the work of accreditors in acting as gatekeepers to the financial aid systems and enforcers of minimum standards. We should not treat those as identical challenges.

I mean it would be, I think it would be absolutely impossible for accreditors to create or enforce for all institutions any kind of common standards or common processes, either in absolute or growth terms, that would simultaneously accommodate the great diversity of our postsecondary institutions and adhere to legitimate standards of higher learning.

Instead, accreditors should develop strong aspirational standards of knowledge, skills and progress that only the most successful accredited institutions can claim. This would provide crucial differentiation in a market where monolithic accreditation status currently serves to obscure differences in quality, rather than distinguish them.

And in many ways I think this would return accreditation to its core strengths in peer-driven standard-setting, and start to free it from the role as the federal government's proxy guarantor of quality, a role for which it is increasingly ill-suited.

Accreditation is an important part of our higher learning system, but only when it does what it does best. Thank you.

CHAIRMAN STAPLES: Thank you very much.

Mr. Greenberg.

DR. GREENBERG: My name is Milton Greenberg, and I'm a professor emeritus of Government at American University, where I served as provost and interim president. I represent just myself here.

I'm not a member of any of the associations, the lobby groups. I'm just what I think the only living groupie of something about accreditation.

(Laughter.)

DR. GREENBERG: I've published several articles and papers on the subject, and have served the accreditation business as up through the ranks as a team member and a chair of the visiting committees, and even rose to the distinguished position of being on the North Central Association executive board.

So that was a long time ago. So right now, I'm unemployed, but I am not available for any work.

(Laughter.)

DR. GREENBERG: I've got three things to suggest to you under this panel's title of fundamental change. First, we have no structure in accreditation. Second, we have too many specialized accreditors, and third, the regional accreditation system is obsolete and a hindrance.

It is amazing that one of the most important and most costly public operations, higher

education, you cannot draw a diagram of the accreditation system. It is not the result of a national plan by either the government or the higher education community; rather, it just grew and it continues to just grow.

There is practically no literature other than my own that I'm aware of on structural issues. Clearly, no effort was ever made to formally establish a framework for determining how many accrediting agencies are needed for quality assurance, what form they should take, or indeed which institutions or bodies of knowledge even require accreditation.

Academe's perception about the independent self-regulating sanctity of its behavior is considerably marred by the enormous reliance on public support, financial support, and also its participation as a big player in the political scheme.

For accreditation to survive in its sort of imagined category of such independence, will have to police itself and make the accreditation system

more logical, and I'm not going to say transparent. But it will make, it will require major changes in the fundamental structure of the accreditation system.

Let me take them up one at a time.

Strengthening coordination of the confusing body of accreditors with an agency with authority to speak for accreditation. A number of voluntary efforts over the years failed largely due to turf protection. The establishment of CHEA in 1996 marked an important milestone, and it has been relatively successful.

However, it is an independent membership organization, must rely upon the good will of the academic world to maintain its status, but its membership is resistant to any centralizing tendencies.

Robert Dickerson has suggested that strengthening CHEA or a similar organization in its relationship to the federal government, excuse me -- I should have this memorized, right? I've got bad fingers. Thank you very much.

Dickerson recommends the strengthening of

CHEA or some other similar organization, and as an alternative, he urges pursuit of a Congressional charter emulating such notable organizations as the Carnegie Foundation for the Advancement of Teaching, and the National Academy of Sciences.

This would raise enormously the prestige of Accreditation in this country, and demonstrate that higher education is serious about its regulation.

With respect to programmatic accreditation, we have never determined what programs, as a matter of serving the public interest, require accreditation. Many of the liberal arts do not have accrediting bodies because there is no basic agreement as to what constitutes minimal requirements in the humanities or social studies, or even how they should be taught or practiced for the public good.

Yet programmatic accreditation is available for many fields that do not require an accredited degree in order to be in that business, and I'll be glad to supply you with names of such accrediting bodies.

Finally, let me do the regional quickly. We need to be organized by sector, not by geography. Organizing by geography has historical roots, within the 60 years. One would be hard-pressed to see any significant regional differences in the types or quality of education.

Online education and institutions like Phoenix that are all over the world, make geographic Accreditation almost laughable. The imprimatur of regional accreditation confers legitimacy, but does not clarify for the public differences among flagship universities, regional state institutions, graduate schools, research universities, liberal arts, community colleges, foreign institutions, online schools and for-profit schools.

Each may be accredited by the same regional accreditor according to its location. Differences among institutions stem from their mission, not their location. Institutional accreditation should be based on mission, sector accreditation, and accreditors of each academic center would enable them to concentrate not on

minimal standards, but on national if not international standards of excellence.

Just imagine an accrediting body with say the membership equal to APLU, and you -- they would not accept anyone in their organization that did not measure up to a high standard. They would not tolerate a minimal standard. There may be places where a minimal standard would be adequate.

How can this pathway be achieved? I'll just give one example. Take a look at the Carnegie Foundation for the Advancement of Teaching, segregation of various types of educational institutions. Structure counts.

Everyone in this room knows that structure counts, and there are many university officials among you. It defies relationships and answers the key question that you should be asking, who is in charge? There is no one in charge.

CHAIRMAN STAPLES: Mr. Greenberg, I think we're going to have to wrap up so we can get to the questions and answers.

DR. GREENBERG: Okay. I have one more

sentence. I apologize. A strengthened central coordinator can clarify this. If you limit specialized accreditors, you will redirect accreditation away from serving narrow professional interests, in favor of the public interest. Sector accreditation could end an illogical and irrelevant regional system.

CHAIRMAN STAPLES: Thank you very much. I understand. That's why I'm hesitating as well. I don't want to -- well maybe I'll ask. Mr. Adelman, you were not able to finish a couple of points, and if you could succinctly give the remainder of your points, I think I would appreciate that.

MR. ADELMAN: Okay. Number one, and it relates to what both of my colleagues have had to say. Last week, this country began a process that answers a lot of the questions that were raised here. Other countries have gone through it. They call it National Qualifications Framework. We call it a Degree Qualifications Profile.

It is not a document; it is a process, and the process lays out competency-based criteria for

earning degrees, because what we know now about degrees, for example, with the Dow Jones Industrial Average degree, the bachelor's degree is you need 128 or 120 credits, 2.75 GPA, 40 credits in major and this course and that course and that's it, which says absolutely nothing.

What the Degree Qualifications Profile adds to this is it says if I want to award the degree to Anne, I love this; because she's a friend I could say this, that you're going to have to meet certain benchmarks of competencies across five categories that is spelled out with active verbs, in order -- I don't care how many credits you've got or what your -- you could have 140 credits and no doubt of 3.45 GPA at least.

But unless you meet these, we're not going to give you a degree. Now we set this up and the Lumina Foundation is providing the artist studio, the paints, the easel, the lithograph stones, everything you need to take the Alfred Hitchcock profile outline and turn it into a Portrait.

Two of our accrediting bodies, regional

accreditors have already bought in, to see what they can do with it, and they're here today. Then we've got a consortium of private institutions that have bought in, to see what they can do with it.

We've got a lot of interest in many bodies and stakeholders in higher education that look at this seriously because we're saying hey, this is a degree qualification. It's not a wish list. It's what you've got to show, and it certainly beats a test, because all I can do with a test is give you a CLA score or I give you effect-size change.

My effect size is 1.14. Big deal. What does that say to students? What does that say to anybody? Whereas the Degree Qualifications Profile at least begins the process of shaping the meaning of a degree. We did it at the associate's level, ratcheted up by increasing the verbs of challenge to the bachelor's level, ratcheted it up again to the masters level.

This is an important development for us. And what I'm saying to NACIQI, to the U.S. Department of Education, and beyond, is: Stay away from it. Let

it play out and see where it is. It's going to take five or six years. We'll come back in five or six years. We'll see where it's gone, and then you can beat us up if you want to. But I think that by the end of five or six years, it's not going to be to regional accreditors; they're all going to be in it. It's going to take a lot of time.

The point about graduation rates that I wanted to hammer home, beside going through all the pieces that are necessary to save it, is right now we do not count 35 percent of bachelor's degrees awarded in this country in our graduation rate formula.

Think of what would happen to you if you did not report 35 percent of your income on income taxes. You'd go to jail, and the whole graduation rate system ought to be sent to jail for not providing the graduation rates for 35 -- for not acknowledging 35 percent of the bachelor's degree.

Fifteen percent of community college transfers have gone to earn degrees; 20 percent on four year to four year transfers have gone on to earn degrees. If we add the military in there and give

them time, and that's not a small number, 350,000 active duty military are taking courses in higher ed as we speak right now.

Then we've got a million veterans. I can tell you they're not going to school full-time. You asked them to do something else in sunny Afghanistan, and they are not going to school full time. The least we can do, and they bounce around; they wind up in four or five schools, and you know, with transcripts. We've got to do a better job with and tracking them out.

One of the virtues of the degree qualifications profile, something like it, is that it helps adults who have been in other situations in the classroom, to get their knowledge and skills validated and added in to meet the requirements for a degree. So all I'm saying about what we call the DQP or DP is forget about it. Let us -- let's see where it goes.

I remain an optimist that American higher education can do a good job with it. I have to remain an optimist. I hope you will too. But as I

say, step back, let us work with other countries. The Europeans were at it for ten years before they got it; the Australians eight years. They're still arguing about it in Australia, and of course now that they have a cyclone, the argument has been broken off a bit. But they'll get back to it, etcetera, etcetera.

But now we're in the game, except on American terms, very distinctly American terms. So please respect it. Thank you.

CHAIRMAN STAPLES: Thank you. Arthur.

COMMITTEE MEMBER ROTHKOPF: You know, I'd like to sort of push Kevin a little bit on his point about a separate system for the for-profit sector, and I take it it's because the objective there is more of a career oriented, as opposed to what had been the more traditional institutions.

What about the significant part of the non-profit sector, whether they be community colleges or even in some cases four year colleges, that are really in some ways doing the same kind of things, whether it's well or not, in terms of providing

career-based education? Would you leave them in the existing system, or would you put them in the new system?

MR. CAREY: Well, you know, I think it's two things. I think one, it's because it's career-oriented, and two, it's because they are for-profit companies, which again thank goodness for for-profit companies. They built the economy we all enjoy.

But they also operate under a very different set of organizational, institutional and financial incentives than non-profit colleges and universities, and I think we've seen that in the extraordinarily rapid expansion that's occurred in the industry over the last 10 to 15 years, driven by access to capital markets and the resources that allow you to get bigger and to market that traditional institutions just don't have.

I think it's regardless of one's opinion about the current sort of regulatory debate in Washington, D.C., I think that growth has had a number of significant negative consequences, not just for students, but for the organizations themselves.

They've, you know, been operating in essentially, I think, kind of almost a regulation-free zone. Again, and I don't think our traditional accreditors are equipped or were designed to manage that process. I think Dr. Greenberg said it very well.

How do you, how do we apply this notion of place, you know, the region, much less physical place to institutions that are not only national but exist primarily virtually, and that are under enormous pressure, competitive pressure to get bigger and to make money?

Again, it's fine to do that, but I think we all recognize that particularly when one, you have students, an important and in many ways somewhat vulnerable population, and two, vast amounts of public resources, again either through grants or guarantees.

But that, I think, just leads us to logically to a different set of public policies that again are much more sort of directly regulatory in nature.

COMMITTEE MEMBER PHILLIPS: This is also for Kevin, although anybody can play. Your initial remarks discussed that accreditors should not be the deciding process towards Title IV funds, and that the feds should do that.

So here's your magic wand. Design a system that the feds should use to award those donors. What elements would it include?

MR. CAREY: Well, I made a distinction. I think it's okay to -- only for for-profit companies. So I think it's okay to have the present system for the rest of it. I mean I think it's maybe not optimal, but I think it's all right. I think we can continue that way.

Even a magic wand, I think, I would have, take a little time to wield it before I gave you sort of a comprehensive set of, a response to that. But I think, so all I'll say, sort of say is big picture. We need to make sharp distinctions between consumer protection and minimal quality, and aspirational quality. They are obviously entirely different things.

I mean I think we are well-served by a market-driven system, where students are allowed to make choices. I think we ought to trust those choices to a significant extent. So any kind of new regulatory apparatus would look at bottom line outcomes, it would look at debt, it would look at financial solvency.

It would look at the nature of the communication, particularly on the front end through recruiting and marketing. It would certainly take a light hand when it comes to anything involving academic freedom, curriculum design.

But it would, as I think we're moving towards already, look pretty hard at outcomes post-involvement with the institution. So this sort of hybrid system right now. I mean what we're kind of headed towards is we're going to keep the accreditation system, and everyone still has to get accredited. But then the U.S. Department of Education is going to sort of start doing this by rules that it kind of made up, not with any particular input from Congress.

If we're going there, let's just go there and not try to do two things at once.

CHAIRMAN STAPLES: Jamie and then Bill.
Oh Bill? Okay, Bill.

COMMITTEE MEMBER PEPICELLO: Thanks. I will, not surprisingly, take some issue with your logic.

(Laughter.)

COMMITTEE MEMBER PEPICELLO: I follow the story, but I think the conclusion may be misguided. If you would look at the mission of many for-profit institutions, you will find they do not involve making money, mine being a good example of that. In fact, if you do follow this sector, you know that a number of for-profits have recently taken significant steps that impact the bottom line significantly in that regard.

On the other hand, many of us have been regionally accredited for decades. We do meet those same standards that others are held to, and frankly there's no significant difference in the finances, when you get inside the institutions themselves.

They need to function that same way.

So I'd say there's not a -- if there's a fundamental difference, it may be in the students that the for-profits are serving, the niche that they currently fill in the higher education system, a niche without which we have no hope of reaching President Obama's ambitious goals, as far as bringing the country to a level of education that he wishes.

So I think there may be a fundamental gap in that logic that you might want to come back and look at. I'd certainly be happy to talk to you about that or to invite you to my institution. I don't know if Harris Miller is still here, but if he were, he would invite you to any of the regionally accredited for-profits to have a look.

There's no magic. You can look behind the curtain, and I think, based on what you've said, you might be surprised at what you see.

MR. CAREY: Well, I mean we probably will not end up agreeing on all this. I mean I would observe. All you have to do is turn on your computer or pick up a newspaper or ride the Metro system to

see that there are, there is a vast amount of money being spent to engage in this political fight here in D.C., and that money came from somewhere, you know.

I mean the expansion of the industry was driven, you know, by marketing and that money came from somewhere. So I mean there is money being generated in a way that -- on a financial model that I think differs substantially from a non-profit institution.

Again, I make no value judgment about that. I'm just saying it's different, and there are a different set of incentives, fundamentally different.

As for regional accreditation, you know, again I think Dr. Greenberg said it very well, better than I tried to in my remarks, which is that the fact that we have, there is just regional accreditation or no regional accreditation, I actually think obscures the market more than it clarifies it.

There are surely large differences, and some may be not in ways that we would expect, between traditional universities, new innovative

institutions, for-profit or otherwise, in terms of their ability to serve students. But sort of the imprimatur of regional accreditation doesn't provide any of those distinctions at all.

So I would hope that, I think it would be very good for all kinds of institutions and students if the accreditors were actually to create again, aspirational standards in terms of learning and student outcomes, that your institutions or any institutions could engage with and shoot for, completely disconnected from the issue of Title IV eligibility, and that would allow you to make your case on a level playing field, whether it's against a public university, a private college or any other.

CHAIRMAN STAPLES: Jamie.

COMMITTEE MEMBER STUDLEY: Let me continue along with that. There is a predicate for recognizing different realities of institutional type, and what regulation follows from that in the financial responsibility standards, that acknowledges that a public institution that is backed by the full faith and credit of a state is different from an

independent organization managed by a non-profit board and its resources, and a for-profit company. So I think that's a model that we've already recognized.

I'm intrigued by your thought with regard to for-profit institutions, but I was a little surprised when, after introducing the idea, you said I have a bad habit of thinking what I know a person's next sentence is going to be.

I thought you were going to talk about a federal body, and you said, and I'd like to understand more about this, that the accrediting community should adopt a regulatory mechanism specific for for-profits. Did I understand you, and were you saying that it should be born out of the accreditors' experience and out of that community? So if you could just amplify what you had in mind.

MR. CAREY: Sure. What you thought I was going to say is what I meant to say. So I do think it should be federal, not based from the accreditors.

COMMITTEE MEMBER STUDLEY: And the accreditors might be, excuse me, useful in thinking

that through, given their experience.

MR. CAREY: Yes, because I mean their --

COMMITTEE MEMBER STUDLEY: But then it should be a federal --

MR. CAREY: The accreditors should be engaged. It would mean a lot. I mean such a process would -- I mean I think this idea is not kind of in the mainstream of the discussion right now. Not a lot of people are proposing such a thing. I think if accreditors were to endorse it and to sort of say you know what? We agree that this is not our role, but because we're engaged in this right now, we have a lot of expertise and a lot of ideas about what a good or not good system would be.

I think that level of engagement and endorsement would bring a lot of political support behind it.

COMMITTEE MEMBER STUDLEY: And then just another clarifying question. On what I take to be a separate issue, and I thought your answer to Bill was helpful in seeing that, if you separate Title IV eligibility and accreditation as a high aspirational

standard, you could have the roots to the Title IV eligibility come in different ways for different bodies, depending on who was able to do that, or all by the same ones, but understanding those institutional differences.

Then you might have people that were using the current language, Title IV eligible but not accredited hypothetically. That's the space that you'd be creating, that you've met this standard, but you are not in the honor society, or you have not demonstrated the outcomes.

There, outcomes would be dependent on the educational program, so those perhaps could be more shared. You wouldn't have to have separate accreditors for them. You might have people looking at bachelor's degrees or looking at business programs for every kind of institution. Did I understand that answer to Bill as well?

MR. CAREY: Yes, absolutely. I mean I think -- I mean personally I think one of the problems or sort of the regrettable aspects of again the way that the for-profit debate is being defined

in public terms right now is that all the focus is, and again rightly so, on issues related to marketing, recruiting, price, debt.

That's kind of all on the financial side of things. Nobody really knows, I think, with any kind of level of precision, unless you make some intuition based on the ability to repay debt and so on and so forth, which is reasonable but certainly not complete.

No one really knows who's doing a good job here. I think that what's too bad about that is that I think that there is a lot of innovation in the for-profit sector. There are people and organizations that are actually thinking very hard about how to help students learn in non-traditional means, learn more quickly, learn in ways that are more customized to students' particular needs.

If accreditors could help develop outcomes-based standards, where you're not being measured on what you look like or whether you do things the way people have always done, but where your students end up at the end of the process, I

think that would provide some purchase for sort of a new conversation that again, for-profit institutions, which you know sort of suffer from somewhat of a stigma, I think, of being for-profit, could engage with to prove their value in the marketplace.

COMMITTEE MEMBER STUDLEY: And at that point, you -- Arthur Rothkopf's comment that community colleges and non-profits may do the same tasks. They may set out to provide the same program that Bill or other for-profits do, and those could be clustered by the purpose of the program. If they all had training in a certain computer capacity, you could put them all in the same -- the same person, the same entity would review them. All bachelor's degrees might be looked at in the same way, liberal arts bachelor's degrees, whether he or my former institution granted it. But the eligibility for Title IV might be different because of the difference in corporate structures and --

MR. ADELMAN: Jamie, I would add, Jamie, that the other thing about the for-profits that bears on the graduation issue is they're handling a huge

chunk of the part-time student population, and the people who can demonstrate that that's the only way they go to school.

I interviewed somebody running an online division of a major university in Europe who had the same attitude. He says "I will only accept people who cannot go to school any other way," and I said "How do you get documentation that they can only go to school this way?" He says "I ask them for a picture of their kids and a pay stub."

That, you know, when you take a look at something called life, it's the same kind of thing, why people change schools. I can tell you a lot of funny stories about that. This is part of the incredibly mobile and incredibly complex society we deal with in American higher education, and we ought to, by including part-time students in graduation rate formulas, pick up a lot of these people.

Then you can answer -- I won't answer whether they're doing a good job or a bad job in terms of learning outcomes, but it certainly will, you know, enter something on the ledger of completion

rates, which is very important, by accounting for those students now. So that adds to it, and it's an important piece.

CHAIRMAN STAPLES: Anne?

COMMITTEE MEMBER NEAL: A question for Kevin and then a thought. In looking at Richard Vetter's testimony, he couldn't be here today, he recommends an accrediting agency, a new one, that would deal just with schools emphasizing distance learning. So he would make the for-profit/non-profit distinction that would focus on distance learning. How would you react to that proposal?

MR. CAREY: I mean I understand what Richard is getting at, but so much of technology, so much of the -- so many students are engaging in higher education with technology in new ways, where it's actually a little hard to make this distinction between distance and non-distance.

I mean a lot of classes are being sort of split up and they're now partially in person and partially online, and people are -- I mean you can have a student who is living in a dormitory at a

traditional institution and taking one of their courses online from the same institution or for some other institution.

So you know, I think we should -- if the goals of the class are the same, we should focus on, as Cliff said, what the class is supposed to mean and what students who take it are supposed to have learned, and be less focused from a regulatory standpoint on the delivery, since I think increasingly making those distinctions will become more and more difficult.

COMMITTEE MEMBER NEAL: And then the next question, we've heard today about potentially a new regulatory framework or even an independent new agency, and I'm wanting to throw out a third possibility that I think might be less costly, and that would provide consumer protection, as well as giving autonomy to the institutions, that being a self-certifying regimen of financial accountability, coupled with greater transparency about graduation rates and student success.

I haven't thought through all the

possibilities, but it seems to me it's something that could be put through via legislation, or that an existing accreditor could even offer this as an alternative on a full-time or pilot basis.

I'm raising this possibility, because I know we're going to hear from the U.S. Green Council, I think, in the upcoming panel, which provides a voluntary system of accreditation, if you will, which I think might be readily applied to accreditors, so that they would go back to that voluntary system where they originated, providing value to institutions, providing a tiered system of assessment, and getting them out of the federal business altogether.

MR. CAREY: I think certainly the devil would be in the details on something like that.

I mean I guess I do believe that with the federal taxpayer being now providing again, tens of billions of dollars on an annual basis, simply through the financial aid system, much less non-profit status and research and all the other ways, and I don't think that's going to change,

particularly with states sort of struggling to even maintain their investment in the public aspect of higher education.

There has to be some rational and fairly clear lines of accountability from the taxpayer and their representatives to the institutions that are being supported. I mean I think part of the reason that we struggle with these questions is that this body is in some ways arguably the only kind of actual point of contact between federal lawmakers and their representatives and the institutions.

I think NACIQI, in many ways, has the same -- is confronted with the same dilemma as the accreditors, which is all you can do is say yes or no, and no one wants to say no. And so, you know --

(Off mic comment.)

COMMITTEE MEMBER NEAL: Or something, right. You know, I mean so when the Higher Learning Commission and whomever comes before you, like no one -- the conversation doesn't really contemplate the possibility of your saying we're putting you out of business, and that has a profound effect on the

nature of the conversation and all of the decisions that lead up to it.

So I'm not saying I know that idea is definitely good or bad, but I do think somehow there has to be some real lines of accountability.

MR. ADELMAN: Anne, I've got a question about what you meant. On self-certification would you, because it turned up in another conversation, split off the financial self-certification from the other two pieces? Is that suggested? Could you see that being done?

COMMITTEE MEMBER NEAL: Essentially, you'd have the financial piece, which we heard Peter McPherson talk about, I think, in his testimony. You could have some sort of independent audit of that, and then you would have this other piece, potentially two pieces.

You could have a self-certifying statement by the institution, which could be audited or could be certified by some independent authority. I mean Peter Ewell was telling me about Truman State. When it gives its data to U.S. News, it has an auditor

come in and say that this is true and you can believe it.

I think something like that might be an excellent way of getting more information out there, all the while allowing the accreditors then to serve in a voluntary market-based system, so that their services would be required by the institution if the institution thought it was valuable.

MR. ADELMAN: Was it suggested, Anne, that the self-certification of the non-financial aspects at least follow a standard protocol? Otherwise, you're going to have 491 protocols.

CHAIRMAN STAPLES: Go ahead and answer. I want to recognize Art right after the answer though, so we can get to the last question before we finish up.

COMMITTEE MEMBER NEAL: I haven't worked out all the details. But certainly there's an asset test now that's already there. Clearly, we want to be concerned about the financial viability of these institutions that are receiving federal funds. We'd want to work out those details. But that would be

the basic framework.

CHAIRMAN STAPLES: We're at the end of our time. So Art, you go right ahead, and then we'll finish up.

COMMITTEE MEMBER KEISER: First Kevin, I just wanted to say I'm with Bill. I'll be glad to invite you into our schools to understand that the differences are not in its governance or its corporate structure, because our accrediting commissions evaluate that.

But it is in our student body, and that brings me to Mr. Adelman's point, that 39 percent of the students, at least that I think I've read, and I hope I don't misquote that statistic, are non-traditional students in this country, and are not following the traditional four-year path that some folks have said is a four-year extension of adolescence.

Consequently, their behavior is different, as I think Mr. Adelman pointed out, in graduation rates and in other areas. I just hope that folks recognize, you know, that the students are different.

So when we evaluate the processes, the inputs, the way the institutions are designed, it's designed around the student versus what has been traditionally considered that four-year adolescence extension. So I appreciate what you're saying, Mr. Adelman.

MR. ADELMAN: Here's a metaphor for you. Your daughter is in this corner, your brother-in-law is in that corner. They live on different planets, in case you haven't noticed, and you're talking about your brother-in-law. A big chunk. Thanks for keeping it focused on students.

CHAIRMAN STAPLES: Thank you very much for your presentations. We seriously appreciate that.