NEW ENGLAND
COLLEGE OF BUSINESS
AND FINANCE

Howard E. Horton, Esq.
President

November 21, 2011

To: NACIQI

Re: Re-Authorization of Higher Education Act:

Maintaining the Critical Role of Accreditation for Institutional Participation in Title 4

Dear Honorable Members of NACIQI:

First, let me commend the work of NACIQI (hereinafter, the "Committee") in tackling the substantive and complicated issues related to Title 4 participation and the respective roles, related thereto, of those parties commonly referred to as the "regulatory" triad: states, accrediting agencies and the United States Department of Education (hereinafter, "USDE.") For purposes of this communication, I focus on only two "legs" of this stool – the accreditors and the USDE. (The vastly differing capacities among state regulatory agencies, and the likelihood of their continued precarious funding, make them a partner of limited benefit in the quality assurance aspects of Title 4 participation. A more limited role for the states in "consumer protection" makes sense, and I believe the Committee is of that bent, as well.)

Much of what has been written about in the Committee draft report is reactive to a climate that has evolved over the past several years which questions the value of the substantial investment of federal dollars in higher education. Indeed, there are credible national candidates for the presidency who have posited the elimination of the USDE and the extrication of the federal government from the student loan business, all together. With student loan debt now exceeding credit card debt, and with the federal government deadlocked around the issue of deficit control, the urgency of getting federal student financial aid "right" is increased.

Recognizing the mushrooming costs associated with Title 4, the Spellings Commission began to place emphasis on whether educational programs, offered by accredited institutions, resulted in meaningful student learning, achievement and employment. Out of this work, a whole new culture of "assessment" and "accountability" has now become embedded in accreditation. Allowed to mature, this culture of "evidence" around proven outcomes will yield increased value in relation to investment of federal dollars. But, accrediting bodies are key to increasing the valuation of the outputs of higher education – as they are expert in the area of assessment and have an understanding of how to effectively review such measures over a variety of types of institutions. To entertain either of the Committee's Option B or Option C, which would potentially separate out the linkage between accreditation and institutional eligibility, would undercut this assessment foundation which has now been laid.

Secondarily, the Committee also finds itself reacting to the spate of negative reports and Congressional hearings concerning the for-profit higher education sector which is commanding about 10% of the higher education marketplace, but garnering financial aid resources far in excess this market share. Issues in this sector pertaining to misrepresentation; incentive compensation; high cohort default rates; and questionable program outcomes have pervaded. Accreditors, and perhaps rightly so in some cases, have been blamed as "foxes who watch the henhouse" in allowing or countenancing these conditions.

However, just as the federal government has responded to these matters through its recent array of new program integrity regulations, accrediting agencies, particularly regional accreditors, having tightened their own standards and have begun to develop expertise in how to review for-profit institutions which, formerly, were not significant constituents of their membership. The accreditors, as well, have now become partners with the USDE in insuring important regulatory aspects that have academic impact, such as review of the credit hour measure. Here again, the Committee might want to reflect, in its draft, that measures such as "gainful employment" and stricter accrediting reviews need time to mature, as does the closer cooperation between accreditors and the USDE on program integrity.

Again, the implementation of Option B or C would create a system where for-profit corporations could simply "teach to the test" in meeting all kinds of financial performance indicators, but would not be subject to the significant scrutiny by accreditors that substantiate a quality education necessary for students to attain employable skills - the skills necessary to pay back their loans. Financial metrics cannot replace the quality parameters that accreditation requires with regard to the rigor of academic programs; the credentials of instructors or the sufficiency of instructional facilities. These require experienced reviewers who understand the relationship of these factors to the trajectory that is created for students. Accreditation, while perhaps not the only measure of worthiness to participate in Title 4, should be its absolute minimum expectation. The Committee should abandon any notion to the contrary and not even report out an Option B or C.

Having worked in higher education for more than two decades, and now as the president of my third institution, I also fear that the Committee may misplace its energies when it comes to the problems related to Title 4 which are much more closely linked with USDE practices around Title 4 then with the role of accrediting bodies. I realize that Title 4 reform may not be in the purview of NACIQI, but to the extent the issues of gatekeeping are inextricably linked to such reform, this linkage should be examined.

For example, all college-enrolled students are eligible for student loans, regardless of credit history or their specific educational plan. This is the only form of loan that I know of where credit rating is not a factor and where a product or plan is not more specifically required as condition of the loan. Students are given the ability to drop in and out of institutions until they reach staggering aggregated loan limits, without the requirement of success at any one institution. Students are given major leeway within a singular institution to complete a program in 150% of the normal timeframe. Would a bank make a loan for 150% of the value of a home? Online students must be given loans for the costs of room and board, while many live at home or are working adults. To spend all the energy on institutional eligibility and gatekeeping without looking at these kind of inane practices will never rein in the costs or create the value that we, as a nation, expect in relation to the investment of federal financial aid dollars.

The abuses of a financial aid system that we, as a country, want to now rely on to dramatically increase the level of college degree attainment must be fixed at the student eligibility level, first and foremost, and only secondarily at the institutional level. The sum and substance is that the current system of gatekeeping is working just fine. Accreditation, particularly regional accreditation, is necessary for quality assurance of an institution. The USDE, through its financial strength ratios and administrative capacities rules, is necessary for the assurance of institutional solvency and appropriate internal expertise. This partnership will work even better in the future in light of recent regulatory and accrediting reforms and is a system that at best should be “mended” – but it should certainly not be “ended.” Refinements are in order, not wholesale system replacements - except when it comes to the regulatory conditions and the regulatory largesse that exists for student eligibility in Title 4. That is where the Committee should recommend a focus shift in the next Reauthorization of Higher Education – without which, like all the other public entitlement programs which are now on the table, we risk implosion.

Very truly yours,

Howard E. Horton, Esq.

President

10 High Street, #204 , Boston, MA 02110 617-603-6901 www.necb.edu