

Astra Academy: A Conversation About Higher Education Accountability

John Barnshaw

Associate Vice President—Research and Statistics

Ad Astra

john.barnshaw@aais.com

Robert Kelchen

Assistant Professor, Seton Hall University

robert.kelchen@shu.edu, @rkelchen

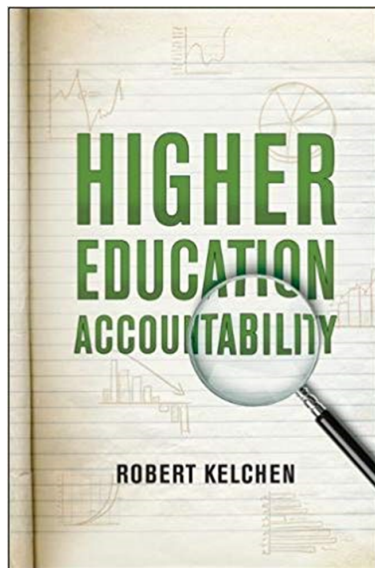
September 18, 2018

- 1 Introduction (10 minutes)
- 2 Higher Education Accountability (35-40 minutes)
- 3 Comments, Questions, Survey (10-15 minutes)

About Ad Astra Information Systems

- Ad Astra is a course scheduling and enrollment management organization that partners with over 600 institutions annually to improve course scheduling efficiency and accessibility for students.
- Ad Astra offers unique solutions designed to graduate more students faster.
- Astra Academy is a webinar series that brings together diverse stakeholders across the higher education landscape to share with you how their work is helping to improve student outcomes with a focus on student retention, time-to-completion, or graduation.

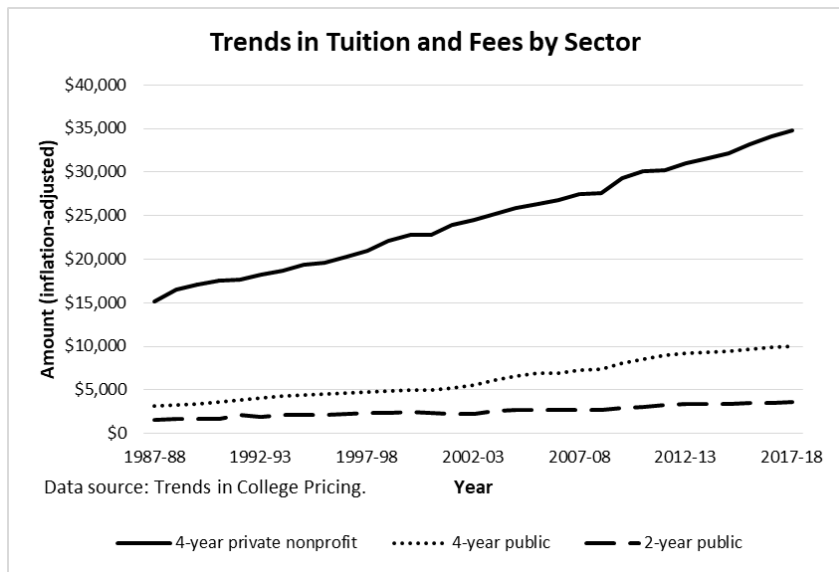
Higher Education Accountability



Why are colleges under pressure?

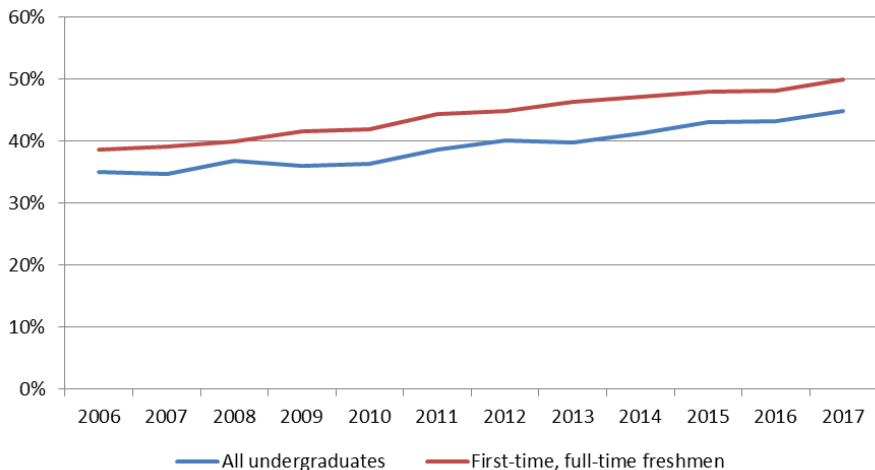
- 1 Rising college prices
- 2 Uncertain public support
- 3 Concerns about quality

Trends in tuition and fees (College Board data)



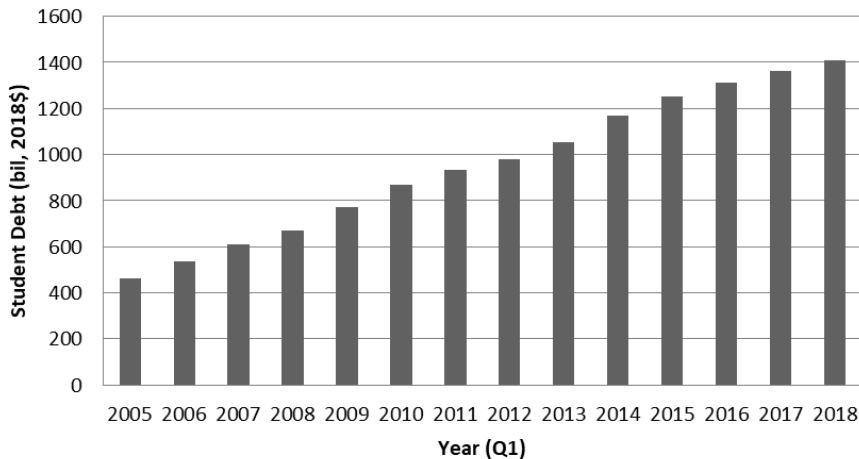
Trends in tuition discounting rates (NACUBO data)

Tuition Discount Rates at Private Colleges



Trends in student debt (New York Fed data)

Outstanding Student Loan Debt



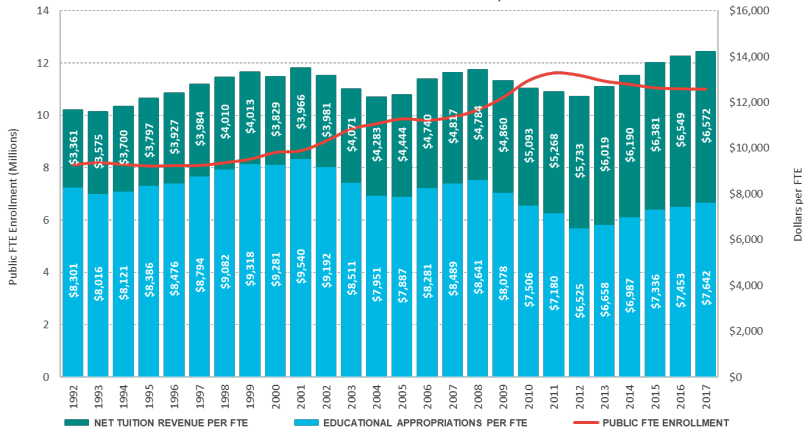
Why is college so expensive?

- 1 Costs of running a college continue to rise (health care, retirement plans, facilities, etc.)
- 2 Labor-intensive field that cannot use technology as well as some other industries (Baumol's cost disease)
- 3 Administrative bloat??
- 4 Student needs/demands for services

Trends in state appropriations (SHEEO data)

UNITED STATES

PUBLIC FTE ENROLLMENT AND EDUCATIONAL APPROPRIATIONS PER FTE, FY 1992-2017



NOTES: Data adjusted for inflation using the Higher Education Cost Adjustment (HECA). Full-time equivalent (FTE) enrollment equates student credit hours to full-time, academic year students, but excludes medical students. Educational appropriations are a measure of state and local support available for public higher education operating expenses including ARRA funds, and exclude appropriations for independent institutions, financial aid for students attending independent institutions, research, hospitals, and medical education. Net tuition revenue is calculated by taking the gross amount of tuition and fees, less state and institutional financial aid, tuition waivers or discounts, and medical student tuition and fees. Net tuition revenue used for capital debt service is included in the net tuition revenue figures above.

SOURCE: State Higher Education Executive Officers

Factors affecting state higher ed support

- Important for private colleges to keep in mind, even if they don't get direct state support
- Higher ed is traditionally used as a balancing wheel (big increases during boom periods, big cuts during recessions)
- States also have to maintain balanced budgets, which means that cuts have to be made in bad times
- Student financial aid also runs through boom-bust cycles

Federal higher education funding

- Federal government provides more higher ed funding than states, and goes to all sectors of higher education
- Two main sources of funding:
 - ① Research funding
 - ② Student financial aid (Pell Grants, student loans)
- Federal funding has increased over time, but has not kept up with college prices

Concerns about quality

- 1 Student learning while in college (*Academically Adrift*)
- 2 Employer concerns about graduates' preparation
- 3 Politicians' concerns about subjects taught and whether they are relevant
- 4 Do administrators and faculty members work hard?

- Based on the principal-agent model
- Underlying assumptions:
 - 1 Agent (college) needs incentives to operate as the principal (funder) desires
 - 2 Agent's behavior is inefficient and there is room for improvement
 - 3 Agent is dependent on the principal for resources
- Asymmetric information is a challenge—college knows more about its performance than a funder does

Why nonprofit accountability is difficult

- Colleges are accountable to many different stakeholders, each of whom has different goals
- Nonprofit organizations attract individuals who are more committed to the organization's current goals
- Organizations may not have the know-how or capacity to improve their performance
- Outcomes of interest may be difficult to measure or attribute to one person

Ways to game accountability systems

- **Cream skimming:** Only serve students with the highest probability of success (state performance funding responses)
- **Parking:** Not serving students with a low probability of success (“drowning the bunnies,”)
- **Bubble cases:** Focusing on students on the margin of success (NCLB research)
- **Selective reporting:** Using flexibility in definitions to improve reported outcomes (who is in the *US News* cohort?)
- **Cheating:** Literally making up results that look good (reporting false data, K-12 test score/graduation scandals)

Five types of accountability

- 1 Federal government
- 2 State government
- 3 Accrediting bodies
- 4 Internal constituents
- 5 Private sector

- Federal government provides as much funding for higher education as states do
- Financial aid follows a voucher model—students can take it to any recognized institution
- Two main types of accountability:
 - ① Low-stakes accountability (consumer information)
 - ② High-stakes accountability (Title IV eligibility tied to outcome metrics)
- But are these efforts effective?

Low-stakes federal accountability policies

- Data reporting and disclosure requirements
 - 1 IPEDS
 - 2 Net price calculators
 - 3 Fire safety rules
- Consumer information
 - 1 College Navigator
 - 2 College Affordability and Transparency Center
 - 3 College Scorecard

High-stakes federal accountability policies

- Cohort default rates (perhaps replaced by loan repayment rates in the future)
- Financial responsibility scores for private nonprofit and for-profit colleges
- Heightened cash monitoring regulations
- 90/10 rule for for-profit colleges
- Gainful employment (proposed to be repealed)
- Challenge: All of these are all-or-nothing systems, resulting in intense political pressure

HEA and federal accountability efforts

- Higher Education Act reauthorization is long overdue, but unlikely to occur in 2018
- Some of the key discussion points include:
 - ① Risk sharing for student loans
 - ② Separate for-profit college regulations
 - ③ Limits on grad student lending
 - ④ More flexibility for religious colleges
 - ⑤ Free speech/campus violence changes
- 2019 or even 2020 look unlikely, particularly if there is split control in Congress

- Four main ways that states hold public colleges accountable:
 - 1 Higher education governance structures
 - 2 State legislative and executive actions (tuition/fee controls, rules about tenure)
 - 3 Informal signals from policymakers (threats against colleges that raise tuition)
 - 4 Tying funding directly to outcomes
- Oversight and approval of private colleges, but authority varies across states

Accrediting agencies

- All colleges have to be accredited by a recognized agency in order to receive federal financial aid (NACIQI)
 - Regional accreditors focus on two-year and four-year colleges with liberal arts components
 - National accreditors (faith-based and career-related) cover other segments of higher education
- Part of a regulatory triad alongside states and the federal government
- Certain programs (law, medicine, teacher education, etc.) have their own accrediting bodies for professional licensing purposes

Critiques of accreditation

- Standards are too low, leading to politicians' complaints
- Lack of competition among regional accreditors
- Peer review process may result in backscratching
- Could limit innovation by limiting new delivery methods
- Time-consuming and expensive, resulting in calls for differentiated accreditation from research universities
- Programmatic accreditors can set resource requirements that hurt unaccredited programs in a college
- Looks like negotiated rulemaking will be coming in 2018-19

Private sector accountability

- Most relevant form of accountability for many private colleges
- Simplest form: Institutional reputation and prestige (harder to create than destroy)
- Carnegie classifications group institutions based on degree offerings and mission—major focus for research universities
- *Barron's* competitiveness rankings measure admit rates, ACT/SAT scores, and high school performance
- Credit ratings are often overlooked but very important
- Also look at new Google search results!

College rankings: A love-hate relationship?

- 800-pound gorilla: *U.S. News & World Report* (who also ranks countries now!)
- Other domestic rankings/ratings: *Washington Monthly* (mine!), *Money*, *Wall Street Journal*, *Princeton Review*, *Playboy*, and many others
- Other international rankings: *Times Higher Education*, Academic Ranking of World Universities, QS, Center for World University Rankings
- Also a host of program-level rankings
- Rankings heavily influence striving universities' decisions

Internal accountability

- Students, faculty, and staff can also influence how a college behaves
- Faculty and grad student unionization is a hot topic at many public colleges
 - Less so at private colleges due to *Yeshiva* decision and NLRB turnover
- Shared governance varies in strength across colleges, but can be influential
- Campus protests and media attention also play an important role, particularly in the era of social media

Key takeaways of accountability research

- 1 Colleges are subject to multiple pressures from stakeholders that may send conflicting messages
- 2 Data limitations matter and some data should be audited for quality
- 3 Beware the performance paradox as colleges try to optimize performance on measured outcomes
- 4 Be concerned about colleges limiting their focus to particular students/outcomes
- 5 Hard to hold individual faculty and staff accountable

Concluding thoughts

- Era of trusting colleges to do the right thing is over, regardless of who has political power
- Colleges must demonstrate their value in order to maintain support
- Have to be transparent and show data (public and private colleges alike)
- Savvy colleges recognize this and propose accountability systems on their own terms
- Otherwise, the system they receive may not reflect their mission or values

Concluding thoughts

- Tendency on campus is to be outraged by every accountability proposal
- Think about the message that sends to legislators and the public
- Recognize when taking action may be valuable, when it is likely useless, and when it could backfire
- Higher ed has interesting political coalitions—take advantage of that!

Five questions for the future

- 1 Program-level or institution-level accountability?
- 2 Focus on growth or proficiency?
- 3 Fund on outcomes or enrollment?
- 4 Who determines academic and financial viability?
- 5 Is there political will to close low-performing colleges?

Forthcoming Astra Academy events

- October 2–3:00 PM EDT–John Barnshaw, Ad Astra, *Bending the Curve*
- October 14-17–Aspire Conference, Kansas City, MO

Your comments and questions

- Comments or questions? Please feel free to type them to John Barnshaw and he will attempt to address as many as possible in the allotted time.
- Please do take five minutes to complete the survey.